

MEETING  
STATE OF CALIFORNIA  
CALIFORNIA PERFORMANCE REVIEW COMMISSION  
RESOURCE CONSERVATION AND ENVIRONMENTAL PROTECTION

AUDITORIUM  
SATELLITE STUDENT UNION  
CALIFORNIA STATE UNIVERSITY, FRESNO  
5241 N. MAPLE STREET  
FRESNO, CALIFORNIA

FRIDAY, SEPTEMBER 17, 2004  
10:00 A.M.

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

John D. Welty, Ph.D., President  
California State University, Fresno

Charles Poochigian, Member  
California State Senate

COMMISSION MEMBERS

Bill Hauck, Co-Chairperson  
President, CA Business Roundtable

Joanne Kozberg, Co-Chairperson  
Partner, CA Strategies

Dale Bonner, Partner  
Epstein Becker & Green, P.C.

James Canales, President & CEO  
The James Irvine Foundation

Mike Carona, Sheriff  
Orange County

Patricia Dando, Vice-Mayor  
City of San Jose

Denise Ducheny, Senator  
California State Legislature

Joel Fox, President  
Small Business Action Committee

Steve Frates, Ph.D.  
Claremont-McKenna College

Russ Gould, President  
The Gould Group

J.J. Jelincic, President  
CA State Employees Association

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APPEARANCES (CONT.)

COMMISSION MEMBERS (CONT.)

Peter Taylor, Managing Director  
Lehman Brothers Public Finance

Carol Whiteside, President  
Great Valley Center

WATER PANEL

Mark Gold, D.Env.  
Executive Director, Heal the Bay

David J. Guy, Executive Director  
Northern California Water Association

Gary G. Robinson, Member  
Water Advisory Committee  
CA Farm Bureau Federation

Linda Sheehan, Director  
Pacific Regional Office, The Ocean Conservancy

REGULATIONS AND ENVIRONMENTAL PROTECTION PANEL

Bill Allayaud, State Director  
Sierra Club California

Dean Florez, Senator  
California State Senate

Eric Herbert, Vice President and Chief Operating Officer  
Burrtec Waste Industries, Inc.

James A. McKelvey, Attorney at Law  
Motschieder, Michaelides and Wishon, LLP

Ann Notthoff, California Advocacy Director  
Natural Resource Defense Council

Karen Ross, President  
CA Association of Winegrape Growers

Joseph E. Sparano, President  
Western States Petroleum Association

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David A. Bischel, President and CEO  
California Forestry Association

Carol Chandler, Partner  
Chandler Farms

Gary Gilbert, Madera County, Supervisor, District 5  
Retired CDF Region Chief, Sierra South  
(representing the California State Association of Counties)

Steve Johnson, Director of Strategic Initiatives,  
California Program, The Nature Conservancy

Nita Vail, Executive Director, Sacramento  
California Rangeland Trust

Jay Watson, Director, Wildland Fire Program  
The Wilderness Society

Virgil Welch, Project Manager  
Planning and Conservation League

STAFF

Chon Gutierrez, Co-Executive Director  
California Performance Review

Chris Reynolds, Team Leader

Joan Borucki, Team Leader

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## 1 P R O C E E D I N G S

2 COMMISSION CO-CHAIRPERSON HAUCK: Good morning,  
3 everyone. We're going to get started this morning. Welcome  
4 to the sixth hearing of the California Performance Review  
5 Commission.

6 I'm Bill Hauck, I'm one of the Co-Chairs of the  
7 Commission. To my left is Joanne Kozberg, who is the other  
8 Co-Chair.

9 I'd like to call on Dr. John Welty, who is the  
10 President here, at Fresno State, to welcome us to the  
11 campus. John.

12 PRESIDENT WELTY: Thank you, and good morning,  
13 welcome to the Fresno State campus, a special welcome to the  
14 Commission. And a thank you to the Commission for the work  
15 that they are doing on behalf of the people of the State of  
16 California.

17 I'm not sure that we all truly appreciate the  
18 amount of time this Commission has already committed, and  
19 will commit in the future, in an effort to try to make sure  
20 that how the State of California services and provides  
21 service to its citizens is improved.

22 I'm delighted to have you here. This is a campus  
23 that every day enrolls just over 20,000 students, on some  
24 1,600 acres, includes a large farm lab of about 1,100 acres,  
25 and a campus in which it's a very, very exciting time,

1 because we're in the midst of a construction boom, if you  
2 will, that's probably our largest in our history. Over a  
3 five-year period, we've got over \$300 million of  
4 construction either completed or about to be completed on  
5 the campus. And a noteworthy thing about that is that one-  
6 half of that is all from private funds.

7 But more importantly, this campus has attempted,  
8 in recent years, to link itself to this region and to use  
9 its resources to try to help solve some of the critical  
10 issues that we face in Central California.

11 And I believe that we've gotten a great start.  
12 And I would say to the Commission today, that as you're  
13 here, we very much appreciate your being in Central Valley,  
14 because this is an area of the State that, quite frankly,  
15 has not had the attention that's due it. And in recent  
16 years, I think with the leadership of, certainly, one of  
17 your Commissioners, Carol Whiteside, and many other people,  
18 we are beginning to take the steps to control our own  
19 destiny.

20 And the only thing that I would ask, as you  
21 undertake your work, is to think that, and to realize, that  
22 as we've tried to work in this region on some of our  
23 problems, very often we have difficulty because we're unable  
24 to bring together a group of people that can help us look at  
25 a problem in a very comprehensive way.

1           Unfortunately, through many of our agencies, we've  
2   created silos in which it becomes difficult to treat some of  
3   the difficult problems of this region, such as air quality,  
4   land use, and many others that I could mention.

5           And we're hopeful that, through your work, you  
6   will make a difference in our ability to help solve our own  
7   problems.

8           Thank you so much for being here, and we're  
9   delighted and honored to have you on our campus.

10          (Applause.)

11          COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

12          And this is the period where we all learn how to  
13   use our microphones, so I hope you can hear me. Again,  
14   we're going to have to pull the mikes close to us.

15          We're delighted to be here and, as most of you are  
16   aware, in February of this year the Governor announced the  
17   California Performance Review, brought together 275  
18   insightful veterans of State government to take a look at  
19   how the operations functions of government should be aligned  
20   for a delivery of 21st century government.

21          We are phase two of that effort. We are here to  
22   gather public testimony throughout the State, from divergent  
23   opinions, to take a look and hear what you think of the  
24   California Performance Review.

25          We will be taking testimony from panels that are

1 expert, again, representing divergent opinions, and then  
2 we'll have about -- over two hours, actually, today, of  
3 public testimony.

4 If your public testimony is of a more personal  
5 nature and not directly related to California Performance  
6 Review issues, we have two ombudsmen in the lobby, that can  
7 help you, and that's if it's local or State, we're here to  
8 help.

9 Also, we will be taking testimony, first from  
10 those individuals that have been at other CPR hearings and  
11 did not have the opportunity to testify, so I hope you've  
12 let Cathy Poncabare know that you did try and attend and  
13 speak at another session.

14 If you have spoken before, the priority will go to  
15 those individuals that have not had an opportunity to  
16 address us.

17 At this time, I'd also like to ask all of us, on  
18 the Commission, to turn off our cell phones, and all of you  
19 in the audience to do the same.

20 When we do have public testimony, it will be for a  
21 period of three minutes, and then you will have to curtail  
22 your testimony. But please know that all your written  
23 testimony will be included in the summary of the California  
24 Performance Review.

25 As we proceed, I'd like to introduce the

1 Commission to all of you, and if we could start with  
2 Carol Whiteside, who is a leader, and no stranger to the  
3 Central Valley.

4 COMMISSIONER WHITESIDE: Carol Whiteside, from the  
5 Great Valley Center. Thanks.

6 COMMISSIONER CARONA: Mike Carona, Sheriff, Orange  
7 County.

8 COMMISSIONER CANALES: Jim Canales, President of  
9 the James Irvine Foundation.

10 COMMISSIONER TAYLOR: Good morning. Peter Taylor,  
11 I'm the Managing Director of the Lehman Brothers Los Angeles  
12 Office, I work in the Public Finance Department.

13 COMMISSIONER JELINCIC: I am J.J. Jelincic,  
14 President of the California State Employees Association.

15 COMMISSIONER GOULD: I'm Russ Gould, I'm the  
16 President of the Gould Group Consulting Firm, and former  
17 Director of Finance, and Health and Welfare Secretary for  
18 the State of California.

19 COMMISSION CO-CHAIRPERSON KOZBERG: I'm  
20 Joanne Kozberg, with California Strategies, and previously  
21 Secretary of State and Consumer Services Agency.

22 COMMISSION CO-CHAIRPERSON HAUCK: I'm Bill Hauck,  
23 I'm the President of the California Business Roundtable.

24 COMMISSIONER DANDO: Good morning. I'm Pat Dando,  
25 Vice-Mayor, City of San Jose.

1           COMMISSIONER FRATES: Good morning. I'm  
2 Steve Frates, Senior Fellow at the Rose Institute of State  
3 and Local Government.

4           COMMISSIONER DUCHENY: State Senator Denise Moreno  
5 Ducheny, I represent the southern border of California,  
6 including the Counties of Imperial, portions of San Diego,  
7 and Riverside.

8           COMMISSION CO-CHAIRPERSON KOZBERG: And with that,  
9 I'd like to introduce Chon Gutierrez.

10           Oh, we have two other Commissioners who have just  
11 arrived.

12           COMMISSION CO-CHAIRPERSON HAUCK: Introduce  
13 yourselves, boys.

14           COMMISSIONER BONNER: We're the latecomers. I'm a  
15 lawyer, a partner in a firm in Los Angeles, former  
16 Corporations Commissioner.

17           COMMISSIONER FOX: I'm Joel Fox, Small Business  
18 Action Committee.

19           COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
20 Chon.

21           CO-EXECUTIVE DIRECTOR GUTIERREZ: Thank you,  
22 Madam Chair. My name is Chon Gutierrez, I'm the Co-Director  
23 of the California Performance Review.

24           Indeed, the Governor, in February, created the  
25 California Performance Review through an Executive Order.



1 He charged us to bring California government into the 21st  
2 century, a government that would be innovative and dynamic,  
3 that could provide services more responsive, it could be  
4 more accountable to the people and that, most importantly,  
5 that it take advantage of new technologies and new ways of  
6 doing business.

7           We wanted to make government -- we wanted to put  
8 together a plan that made government more efficient, and  
9 more responsive, and we looked at two things. We looked at  
10 the structure of government, how government is organized.  
11 And in the law there is a process that allows the Governor  
12 to restructure his organization. That is to say, those  
13 agencies and departments that report directly to him.

14           We used that vehicle to propose an organizational  
15 structure that is more responsive and more accountable, and  
16 you will address that issue -- we'll address the resources  
17 area of that organizational proposal.

18           In addition to that, we went through individual  
19 programs and we looked for ways to make recommendations that  
20 allowed us to deliver that program more efficiently and more  
21 effectively.

22           To make all of this happen, we put together 14  
23 teams, with subject matters that are both vertical and  
24 horizontal. And by vertical and horizontal I mean they are  
25 functional responsibilities and subject matter

1 responsibilities.

2           For example, in the resources area we had a team  
3 that was headed up by Chris Reynolds, who sits to my far  
4 right. We also had teams that looked at infrastructure,  
5 that cut horizontally -- I'm sorry, that looked at  
6 technology, that cut across all of the silos of governmental  
7 functionality.

8           Today we're going to talk about the resources area  
9 and I want to talk a little bit about the team that Chris  
10 headed up. It was made up of 12 people, with over 200 years  
11 of government experience. It had individuals who had been  
12 part of various boards. We had a former director in that  
13 area, we had people with experience at the local level, the  
14 federal level, at the State level. There was a wide variety  
15 of skills that came to bear in this team, they were  
16 analytical skills in a variety of different areas, along  
17 with fiscal background and experience.

18           So I'd like to introduce the two team leaders that  
19 will be making today's presentation. As I said, to my far  
20 right is Chris Reynolds, who is the Resources Team Leader,  
21 and to my immediate right is Joan Borucki, who was the  
22 Infrastructure Team Leader, and we think that those two  
23 areas of our work fit nicely together, so they're here to  
24 make a presentation to you.

25           Chris.

1 TEAM LEADER REYNOLDS: Good morning. My name is  
2 Chris Reynolds and I was the Team Leader for the Resource  
3 Conservation and Protection Team.

4 CPR's Executive Director has provided you with a  
5 thumbnail sketch of our group, and it was comprised of 10  
6 analysts, a student assistant, and myself, all of whom came  
7 from CalEPA or resources agency entities.

8 I'm joined by Joan Borucki, the Leader of the  
9 Infrastructure Team, because of the close relationship  
10 between these two functional areas.

11 California faces considerable environmental  
12 challenges. For instance, by virtually every account,  
13 California has the greatest air quality challenge in the  
14 nation, with five air basins near or exceeding federal  
15 standards.

16 Over the last decade there's been a steady,  
17 general, downward trend for criteria pollutants, by ground  
18 level ozone, and particulate matter. But recently the  
19 Central Valley, the area that we're in today, was forced to  
20 redesignate itself to provide more time to meet those  
21 standards.

22 A recent ten-year children's health study, on the  
23 long term effects of exposure to air pollution, has  
24 reinforced the need to maintain our commitment.

25 Similar trend lines appear to progress on solid

1 waste and hazardous waste management, while progress on  
2 water quality improvements is less straight forward.

3           Nonetheless, all of this progress and even holding  
4 steady is a remarkable achievement in the face of dramatic  
5 increases in population. Six million more people,  
6 generally, every ten years, the equivalent of adding the  
7 population of the State of Indiana every ten years to  
8 California.

9           In an even more dramatic rise is the number of  
10 vehicle miles traveled, for instance, projected to reach 300  
11 billion by the year 2005.

12           Measured in terms of budgetary commitment,  
13 California's efforts are unparalleled. We spend \$5.3  
14 billion, annually, as much as the individual general fund  
15 budgets of 22 of the 50 states.

16           And we have sophisticated, dedicated staff that  
17 make our progress world renowned.

18           Californians are committed to the goals of  
19 environmental protection and resource conservation. A  
20 recent PPIC poll, from July of 2004, found that a majority  
21 of Californians say the environment should be a top  
22 priority, and that the current level of support, in terms of  
23 funding, should be maintained, and that air pollution is  
24 recognized as a top concern.

25           The voters have also demonstrated their commitment

1 by committing themselves to long-term debt, in excess of \$20  
2 billion over the last eight years.

3 During its research, CPR came to the conclusion  
4 that this heightened awareness, of the last 30 years, in  
5 response to new crises borne of this awareness, has led to  
6 the creation of a number of new programs, with the best of  
7 intentions. But the State has rarely looked back or  
8 forward.

9 What we have now is an amalgamation of programs,  
10 many of them recognized as the best in the world that,  
11 unfortunately, do not achieve the kind of cohesive  
12 coordination and effectiveness that we believe is possible.

13 It's an issue that's been recognized by the Little  
14 Hoover Commission, the Legislative Analyst's Office, agency  
15 secretaries, department directors, and the Legislature.

16 Drawing largely on that work, we believe firmly  
17 that the agencies that exist now each deserve a seat at the  
18 Cabinet, because they each provide a valued voice for their  
19 mission, Environmental Protection, Natural Resource  
20 Conservation, and Food and Agriculture.

21 Generally, we recommend merging agencies with  
22 constituent departments and rolling up administrative  
23 functions in the Secretary's Office, including budget,  
24 policy, communications, legal, information technology, and  
25 audit, and ombudsman functions.

1           Specifically, for CalEPA, we recommend that there  
2 be a Department of Environmental Protection that rolls up  
3 those administrative functions that I mentioned, that would  
4 include an Air Quality Division. That there be no Air  
5 Resources Board, but that the programs remain intact.

6           That there be a Water Quality Division, again, no  
7 boards maintained by division directors, but that we would  
8 transfer the water rights function, currently that resides  
9 under the Water Quality Board, to the Resources Agency.  
10 That basin plans, now developed by regional boards, would be  
11 developed by ad hoc boards.

12           That we transfer site clean-up, that now resides  
13 at the State Water Resources Control Board, to a new Site  
14 Clean-up Division.

15           That we transfer the drinking water function,  
16 that's now at the Department of Health Services, into the  
17 Water Quality Division, within the Department of  
18 Environmental Protection, and that we consolidate clean  
19 water funding.

20           That we have a Division of Pesticide Regulation,  
21 keep the program intact, but transfer some structural pest  
22 control licensing from Consumer Services to this Division.

23           That we have a Site Clean-Up and Emergency  
24 Response Division that combines site clean-up programs at  
25 the Water Board, the Department of Toxics, and the Waste

1 Board, and transfer accidental release programs for the  
2 Office of Emergency Services, add oil spill response  
3 programs, now at Fish and Game, the State Lands Commission,  
4 and the Coastal Commission.

5 That we create a Pollution Prevention Recycling  
6 and Waste Management Division by combining waste management  
7 functions at the Toxics Department, Department of Health  
8 Services, the Waste Board, and the Department of  
9 Conservation, which has the largest recycling function in  
10 the State, and that we emphasize pollution prevention.

11 And finally, we recommend that we transfer the  
12 Office of Environmental Health Hazard Assessment functions,  
13 which deal with risk assessment, to the new Office of Public  
14 Health within the Department of Health and Human Services.

15 We also recommend that the Secretary include an  
16 Expert Advisory Panel and an Office of Local Assistance,  
17 both of which could provide additional venues for public  
18 input.

19 We recommend that we refocus resource conservation  
20 efforts in a Natural Resources Department, that includes a  
21 Forestry and Land Management Division. We would eliminate  
22 the Board of Forestry. We would transfer the fire fighting  
23 function to the Department of Public Safety. We would  
24 eliminate the State Lands Commission and transfer those  
25 functions related to the Management of Sovereign Lands to

1 this Division, within the Resources Department.

2 We include agricultural stewardship, land  
3 stewardship under the Williams Act functions, under this  
4 Division.

5 We have mining programs and geology programs that  
6 remain. And that any energy-related functions, at the State  
7 Lands Commission, related to oil, gas, and geothermal  
8 leasing move to the Infrastructure Department.

9 We have a Division of Habitat Preservation and  
10 Plant and Wildlife Protection, that is comprised of fish and  
11 game biologists, with oversight for a CEQA review,  
12 Endangered Species Act, and those types of functions.

13 We transfer the fish and game wardens to the  
14 Department of Public Safety, and we include the Wildlife  
15 Conservation Board activities for wildlife refuges to  
16 coordinate with other land managers in the land management  
17 function.

18 But we do preserve conservancies, the Coastal  
19 Commission, and the Bay Conservation and Development  
20 Corporation.

21 We transfer the bottle and can recycling, and oil  
22 spill prevention and response to the Department of  
23 Environmental Protection, as I've already mentioned.

24 We have a Parks History and Culture Division that  
25 would include the Department of Parks and Recreation



1 functions, and we recognize and give lead responsibility to  
2 historical and preservation functions to this Division, and  
3 we add the Science Center and the African American Museum.

4 And we transfer functions of POST-certified  
5 rangers, that are within the Parks and Recreation  
6 Department, to the Public Safety Department.

7 We retain the conservancies, but we recommend that  
8 we devolve five of the eight to the local level and will  
9 retain, in this Division, State responsibility for the  
10 Coastal Conservancy, the Tahoe Conservancy, and the Santa  
11 Monica Mountains Conservancy.

12 We recommend retaining the Coastal Conservancy,  
13 although we recommend transferring the oil spill functions  
14 to CalEPA.

15 We will retain the BCDC, as I mentioned.

16 We transfer the Energy Commission to the  
17 Infrastructure Department.

18 We recommend transferring the State Water Project  
19 to the Infrastructure Department.

20 And we recommend transferring dam safety and levee  
21 functions to the Public Safety Department.

22 The Department of Food and Agriculture was seen as  
23 the kind of vertically integrated department that we're  
24 seeking to emulate elsewhere, and the majority -- the major  
25 changes that we recommended are transferring the weights and

1 measures function to the Consumer Protection Department.

2 And in separate issue papers we recommend  
3 devolving commodity boards into public benefit corporations  
4 and devolving agriculture associations, in other words  
5 County Fair Boards, into public benefit corporations, as  
6 well.

7 Within the body of the 35 issue papers, we have  
8 attempted to put people first with recommendations that  
9 create a single point of contact for the public. For  
10 instance, recommending a call center and internet  
11 capabilities to serve the public seeking access to  
12 information, and partnership with the USCPA on a facilities  
13 registry program that gives the public detailed information  
14 about permitted facilities, and being more proactive in  
15 pollution prevention and compliance assistance.

16 We recommend streamlining the permitting process,  
17 without sacrificing environmental goals, when there is a  
18 compelling State interest, in the hopes that we can create  
19 models for implementation elsewhere.

20 We recommend consolidating similar functions.

21 We recommend using online technologies to improve  
22 public access and to increase program efficiency.

23 We also recommend encouraging smart planning, and  
24 for this part of the presentation I'll defer to Joan  
25 Borucki.

1           TEAM LEADER BORUCKI: That's my cue. We, Chris's  
2 team and my team, coordinated on several different  
3 recommendations as it related to getting a little better at  
4 our planning in the State, both at the State level, at the  
5 regional level, and at the local level.

6           And what we were trying to do was there really  
7 shouldn't be the conflict that exists sometimes between the  
8 infrastructure development or maintenance of the  
9 infrastructure and conservation of resources.

10          And the thought, and it's being exercised right  
11 now by a lot of the different regional agencies in the  
12 State, and to have the State take advantage of it, as well,  
13 and that's to be able to do your planning between the  
14 infrastructure planning and the resources conservation  
15 planning up front and as early as possible.

16          We were also trying to take away the barriers that  
17 exist today, that don't allow some of the infrastructure  
18 agencies to commit to mitigation or to do the coordinating  
19 discussions up from, with the resources agencies, as early  
20 as possible in the planning process, rather than at the time  
21 of construction of a project.

22          We also have recommendations in here that deal  
23 with development of a statewide resources conservation plan,  
24 and habitat species mapping, as well as integrating that,  
25 then, with the statewide infrastructure plan.

1 COMMISSION CO-CHAIRPERSON KOZBERG: Joan, could  
2 you try Chris's mike, yours is crackling.

3 TEAM LEADER BORUCKI: Yeah, irritating.

4 The thought being to try and create -- it must be  
5 me. The thought being to try and create a balanced  
6 statewide plan across both the resources and the  
7 infrastructure, and start to emulate, somewhat, what happens  
8 at the regional level, with their regional plans, as well as  
9 the general plans.

10 COMMISSION CO-CHAIRPERSON KOZBERG: Is there  
11 someone who could help us with the mike system, please?

12 TEAM LEADER BORUCKI: Something's happening to the  
13 microphones.

14 Just two quick examples of why these or how these  
15 came about, these issues. One, there was a freeway in  
16 Southern California that had been designed over a long  
17 period of time, and constructed, and within a month of it  
18 opening, it was flooding, there was water coming up through  
19 the ground.

20 Well, unbeknownst to the people doing the  
21 infrastructure, the resources people had started, about the  
22 same time, an effort to recharge an aquifer. We really  
23 shouldn't have that kind of thing happening at the State  
24 level, if we're talking to each other and we're trying to do  
25 things as early as possible up front.

1           The other example is, and again in Southern  
2 California, in an area where an intensive effort that took  
3 place over several years, over one species and one  
4 transportation corridor, and in the end, when we were all  
5 very happy and we were done, and we got the project moved  
6 forward, a huge housing project, but there were 167 other  
7 species in this area that were totally ignored. Now, did  
8 that make sense?

9           So those are kind of examples where a lot of  
10 improvement could be made earlier, up front in the planning  
11 process.

12           TEAM LEADER REYNOLDS: In addition to those kinds  
13 of efforts, we saw an opportunity to reform processes to  
14 meet fundamental needs by consolidating clean water funding,  
15 consolidating land acquisition functions, increasing  
16 efficient use of bond funding, streamlining the pesticide  
17 registration process, and eliminating the Waste Board  
18 approval of local permitting, try to refocus to stay on  
19 fundamental needs.

20           We also believe that there's an opportunity to  
21 facilitate inter-agency cooperation by standardizing inter-  
22 agency work agreements.

23           We are trying to encourage innovative approaches  
24 to so-called brown fields, contaminated urban properties, by  
25 promoting smart growth through land recycling, and focusing

1 programs on outcomes and spending resources accordingly, by  
2 broadening the use of environmental fees.

3 In total, these recommendations comprise chapters  
4 6, 8, and 12, in volume 2, of the CPR report titled "Form  
5 Follows Function," and chapter 5, from pages 965 to 1171, in  
6 volume 4, titled "Issues and Recommendations." These are  
7 not inclusive of the issues that were mentioned by Joan  
8 Borucki, which are included in the Infrastructure chapter.

9 There are 35 issue papers, containing 58  
10 procedural recommendations, and we believe that it will save  
11 the State an estimated \$349.6 million over five years.

12 The reports can be accessed by the public, through  
13 the website, [www.cpr.ca.gov](http://www.cpr.ca.gov). Thank you.

14 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
15 Before we have the Commission ask the Panel its questions, I  
16 want to introduce the esteemed Senator, and this is a great  
17 privilege to do this, Chuck Poochigian, who is going to  
18 welcome us, and I'm sure you have a few words to share.

19 (Applause.)

20 SENATOR POOCHIGIAN: Thank you very, very much.  
21 First, to Co-Chairs Joanne Kozberg and Bill Hauck, and the  
22 other Members of the California Performance Review  
23 Commission, welcome to Fresno.

24 We're very pleased that the Commission chose to  
25 spend a day in the heart of the Central Valley. And thank

1 you, also, to President Welty and Fresno State for hosting  
2 this very important conference.

3 When Governor Schwarzenegger was elected, he  
4 expressed a strong commitment to tackling the State's myriad  
5 problems in bold, new ways. Central to that idea was an  
6 optimism that Californians can and should expect more from  
7 their government.

8 The California Performance Review offers a chance  
9 to challenge conventional thinking about how State  
10 government should provide services to the people.

11 The Performance Review has given us a chance to  
12 look deep inside the bureaucracies of State government and  
13 find avenues to improve the way we do business.

14 It's important to note that the release of this  
15 voluminous document and these hearings are only the  
16 beginning. The Performance Review provides a starting point  
17 for the very important public discussion.

18 And as a member of the Little Hoover Commission,  
19 that will receive the Governor's final recommendations, I  
20 look forward to very closely following this process.

21 Certainly, as we look through the large document,  
22 all of us will find things that we like and, just as surely,  
23 things that we very much dislike. It's important to  
24 thoughtfully examine, though, each and every idea that's  
25 presented.

1           Early reaction from some politicians and interest  
2 groups was critical. That's to be expected. But most  
3 importantly we must remind ourselves that things aren't  
4 working, the status quo is not acceptable. This means that  
5 those of us in the arena must be disciplined, thoughtful,  
6 and open-minded in our approach.

7           It will be much easier to condemn the process and  
8 the recommendations than to make great things happen, it's  
9 the nature of the undertaking and of modern political life.  
10 But if we are to do the job for us, and generations to come,  
11 we must engage the debate and embrace and advance those  
12 ideas that are productive and forward thinking.

13           We have a historic opportunity to create  
14 government that's responsive, accountable, and produces  
15 results for those it's charged to serve. Even if splendidly  
16 successful, it will not be in the exact form as the initial  
17 proposals.

18           Again, this is an extremely important undertaking  
19 and I appreciate the Commission's interest in the views of  
20 the people of the State's heartland. Thank you very, very  
21 much.

22           COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

23           (Applause.)

24           COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

25 And now, questions from the Commission. J.J. and Carol.



1           COMMISSIONER JELINCIC: I had a couple of  
2 questions that went to specific proposals and then a larger  
3 question, so I'll do the specific, first.

4           In 06, where you talk about combining the two  
5 funds, my understanding is that you define productivity as  
6 the total dollars invested in improving the environment  
7 divided by the amount of federal money, and so is that  
8 really a measure of productivity or is that a measure of the  
9 simple leverage? And you assert that treating it as one  
10 fund, rather than two funds, would be more productive, even  
11 though they have different purposes, and I wonder if you can  
12 explain why you came to that and what the basis was?

13          TEAM LEADER REYNOLDS: It's difficult, sometimes,  
14 to pick the right measurement to use to evaluate success.  
15 But in this case it was very simply a look at the fact that  
16 New York, in particular, which does not have near the number  
17 of people, nor the amount of coastline, nor the number of  
18 facilities that we do, is obtaining more in terms of federal  
19 funding. And we made the presumption that more dollars  
20 means you can do more things.

21          So in a sense, it is a measure of productivity of  
22 your program. To be able to capture and leverage additional  
23 funds means you can do more to improve water structure. It  
24 was as simple as that for us.

25          And why did we think that one fund would be more

1 productive or more efficient than two funds? We simply look  
2 at what other states do. And those states that do the best  
3 job of garnering federal funds with respect to their portion  
4 of the population, taking the United States as a whole, and  
5 being able to leverage those funds, those states that have  
6 one department do a much better than California does with  
7 its two departments.

8           We looked at those and we thought one office is  
9 more efficient based on that experience, that empirical  
10 evidence.

11           COMMISSIONER JELINCIC: But if you get more  
12 federal funds, by the definition you're using, you've  
13 reduced the productivity, unless the State goes out and  
14 borrows more money and leverages that money.

15           TEAM LEADER REYNOLDS: I'm not sure I understand  
16 the way you arrive at that conclusion with an analysis. I'm  
17 saying that the ability to garner federal funds and the  
18 ability to leverage those means that you're doing more with  
19 what you have, that was how we measured productivity.

20           COMMISSIONER JELINCIC: Okay, except that -- well,  
21 okay, at least I understand what you're saying.

22           And then the other one was resource 33, we're  
23 talking about moving the Student Loan Bank Fund to the  
24 Teachers Retirement System. And if I understood the  
25 proposal correctly, essentially, that's just a transfer to

1 the General Fund, and to replace what would normally be a  
2 State contribution, and that the funds would no longer be  
3 available for future school uses, or future school  
4 purchases, and did I, in fact, understand the proposal  
5 correctly?

6 TEAM LEADER REYNOLDS: You need to understand the  
7 purpose of the School Land Bank Fund, which is to fund STRS.  
8 The STRS is the beneficiary of that fund. And the point was  
9 that there had been some recent transactions that had taken  
10 place, the federal government created the new Desert  
11 Protection Act, which meant that the federal government was  
12 taking some lands, and they are taking lands that are most  
13 of the lands that are left. The school lands we have left  
14 are not suitable for schools. We use them for things like  
15 grazing, timber harvesting, and so on and so forth. You  
16 can't build a school there, you don't have a population that  
17 needs a school and it's just, in some respects, it might be  
18 environmentally unsuitable.

19 But, fundamentally, it's not the right location to  
20 build a school because the federal government, when it  
21 granted these lands to us, granted it to us in a very  
22 systematic way that means we'll get parcels of land that are  
23 in the middle of the desert.

24 So the Desert Protection Act, which assumed  
25 federal control of a lot of desert lands, means that they

1 have to compensate us for those. So that transaction, in  
2 particular, results in a lot of money being deposited in the  
3 School Land Bank Fund.

4 That means there's money there and it's sitting  
5 idle. What we say is take some of that money, use it for  
6 the General Fund contribution, because the STRS  
7 Fund, retired teachers are the beneficiaries of that fund,  
8 that's the stated purpose of that fund, put it into  
9 enhancing their purchasing power to 80 percent, and then  
10 take the remainder of the funds and invest them somewhere.  
11 They're sitting idle right now, they are not earning as much  
12 money as they could because the fund that they're sitting in  
13 is not as productive as other funds that the money could be  
14 deposited and reinvested in.

15 COMMISSIONER JELINCIC: Well, being an investment  
16 officer at PERS, I understand that the MIF is not the place  
17 to have that funds.

18 But my understanding of the fund, though, is that  
19 the purpose is not just to fund the purchasing power, but  
20 it's also to -- the income from the fund is also used to  
21 purchase school sites, rather than necessarily build on  
22 those specific lands.

23 TEAM LEADER REYNOLDS: Often, they do a land swap.  
24 Because fundamentally, when you're dealing with the State  
25 Lands Commission and it's function, there's the issue of the

1 public trust. And the public trust doctrine suggests that  
2 whatever resource you have, whatever thing it is that you  
3 hold, you hold in trust for the public.

4 And so the question is at some point you're going  
5 to take the funds to serve the purpose of the beneficiary.  
6 So some people would argue, well, wait a second now, we've  
7 earned this money, you shouldn't use it, you should only use  
8 the interest that gets generated off that, because that's  
9 the benefit or the asset that you need hold onto forever,  
10 and ever, and ever, and ever.

11 There's an argument, I suppose that could be made  
12 about that. But what we did is we saw the funds sitting in  
13 a place that was relatively inefficient, as you point out,  
14 that it wasn't being utilized to the greatest extent that it  
15 could, that the beneficiaries were not benefitting from it,  
16 and what we said was let the beneficiaries benefit and take  
17 the remainder of the corpus, that's left, and put it  
18 someplace that's more productive.

19 COMMISSIONER JELINCIC: Okay. Then the larger  
20 question, last week we heard about Homeland Protection -- or  
21 Public Safety and Homeland Security, I think that's the  
22 title they gave it, and part of that proposal is to take the  
23 investigators and the enforcement people from throughout the  
24 State and move it into that.

25 How does the environmental protection function,

1 given that they no longer will have investigators and  
2 enforcement people, and how do they convince the Secretary  
3 over in the other agency, or department I guess we're  
4 calling it now, to make their priorities his priorities?

5 TEAM LEADER REYNOLDS: What we believe is that  
6 when you locate functions together, you try to look at  
7 fundamentally what is the function that this person is  
8 performing. Fundamentally, we saw the enforcement, in those  
9 cases that you mentioned, the fish and game wardens, the  
10 park rangers, who have POST certification, as performing a  
11 law enforcement function.

12 Now, just like within a law enforcement  
13 department, you have a high tech crimes unit, you have a  
14 homicide division, you have a robbery division, whatever you  
15 want to call those different divisions, we think that there  
16 can be developed, for those needs of the State, those  
17 specialized areas.

18 And that, in fact, the commonality that exists to  
19 that core function of law enforcement is enhanced by  
20 programs that are held in common, and those things that are  
21 held in common for the utilization of resources efficiently  
22 for that purpose of law enforcement.

23 But then when it comes to the specialty, that's  
24 when you develop your division of homicide, and in this case  
25 it's the Division of Wildlife Protection, and it's the

1 Division of Protection of Parks, and whatever unique needs  
2 they might need.

3 And then in the Parks case, it's a lot more  
4 straightforward. In Fish and Game you have biologists that  
5 are telling someone what evidence they should look for to  
6 see if a crime's been committed.

7 But in the Parks arena, it's more the common type  
8 of law enforcement thing, like disturbing the peace, or  
9 someone's got a firearm and they're discharging it in a  
10 place that they shouldn't.

11 COMMISSIONER JELINCIC: And I assume you would say  
12 the same is true of the EPA functions that are being moved?

13 TEAM LEADER REYNOLDS: Yes.

14 COMMISSIONER JELINCIC: Thank you.

15 COMMISSION CO-CHAIRPERSON KOZBERG: Carol.

16 COMMISSIONER WHITESIDE: Yes, I think one of the  
17 public frustrations with these agencies often comes from the  
18 inability to resolve conflicting views of solutions, whether  
19 it's legal mandates, or whether it's interpretative  
20 mandates, or whatever.

21 In your analysis of this did you go beyond  
22 structure and identify the kinds of things that are in  
23 conflict in terms of regulations or mandates that might need  
24 to be changed, or did you consider some sort of a conflict  
25 resolution process?

1           I looked through the report, everywhere, for an  
2   Office of Solomon, a wise person that could resolve these  
3   conflicts, and I didn't see it, so I wonder if you could  
4   address that?

5           TEAM LEADER REYNOLDS: Sure. I think the way that  
6   we address that issue in the most straightforward way is  
7   simply the organizational recommendation we've made to merge  
8   the agency with the constituent departments, let's call  
9   them, because they're called commissions and boards, and so  
10   on and so forth.

11          Right now it's very difficult for the Secretary of  
12   Environmental Protection or the Secretary for Resources, for  
13   that matter, to coordinate activities, and to deploy  
14   resources, and to try to resolve the differences that might  
15   exist from the constituent boards and departments.

16          The California Environmental Protection Agency, in  
17   1991, was created for, among its many purposes, the express  
18   purpose of coordinating cross-media activities. And we  
19   don't think that the Secretary has the tools to do that.

20          So when it comes to coordinating policy, but when  
21   it also comes to that part of coordination that has to do  
22   with resolving those conflicts that you mentioned, we think  
23   that this structure will provide the Secretary with the  
24   authority to coordinate those activities.

25          We also believe that in the area of timber harvest



1 plan approval, and permitting, when it comes to petroleum  
2 infrastructure and refineries, that we have made some  
3 recommendations about how to streamline those processes, and  
4 those involve disparate groups at various levels, and we're  
5 hoping that there will be a finding that we have, in fact,  
6 substantiated some kind of a compelling need in those cases,  
7 and that we can actually carry those over to other areas  
8 that have a less high profile and compelling case to be made  
9 for doing something there.

10 But again, that would be a mechanism to try to  
11 resolve those kinds of disagreements. And so both  
12 structurally and, in some smaller ways, more focused ways,  
13 we think we've made some recommendations that will,  
14 hopefully, achieve that.

15 COMMISSION CO-CHAIRPERSON KOZBERG: Bill.

16 COMMISSION CO-CHAIRPERSON HAUCK: Chris,  
17 generally, I'd be supportive of consolidating boards and  
18 commissions in State government, and I have been for many  
19 years. I have some concern about that here with respect to  
20 the processes that are dealt with in each of these areas  
21 today, the Environmental EPA, as well as Water.

22 You're substantially proposing to eliminate many  
23 of the commissions that deal with this subject, and thereby  
24 potentially take some of this discussion out of the public  
25 arena and really put it into an Executive Branch process

1 that doesn't include that.

2 That's a pretty far reaching and serious change  
3 from the way we're doing business today. Talk to us a  
4 little bit about the rationale that you used to come to that  
5 conclusion, and I'm presuming that you didn't come to this  
6 conclusion lightly?

7 TEAM LEADER REYNOLDS: You would be correct,  
8 Mr. Chair, we did not come to this lightly. There was a lot  
9 of discussion and even debate about this issue. It is among  
10 the biggest issues that this Commission will need to grapple  
11 with, and it is a very legitimate concern.

12 What we wanted to do, as the Executive Director  
13 mentioned, one of the things we were trying to do was to  
14 enhance accountability. We wanted to also unify efforts. I  
15 mentioned CalEPA and its mission of cross-media evaluation.

16 We wanted to enable a better coordination and  
17 deployment of resources within the functional area that we  
18 were talking about.

19 And right now, we do not believe that the  
20 Secretaries can be in charge or held responsible for doing  
21 those kinds of things now, because of the structure of  
22 government. There's fragmented authority that's undermining  
23 accountability.

24 Public participation, however, is a vital part of  
25 the process, so we looked at what exists now, separate and

1 apart from that board hearing that takes place. There are  
2 public workshops that are used by agencies, almost without  
3 fail, and they gather stakeholder input on policy, and  
4 there's also the Administrative Procedures Act that gets  
5 used, which requires a public comment period, and a response  
6 by the agency in the final rule-making package.

7 We also have recommended, in the structure, that  
8 there be an expert advisory panel for the Secretary of  
9 CalEPA, as a venue for public input. And, finally, we  
10 recognize the authority of the Secretary to conduct ad hoc  
11 public hearings.

12 Now, that's by way of saying, just in a very  
13 objective way, what did we see that exists now and did we  
14 think that that was enough so that we could enhance the  
15 accountability of the Secretaries, and the Governor, for the  
16 programs, without losing too much opportunity for public  
17 participation.

18 We believe that's the case, but there are some  
19 very concrete examples. And probably the best one exists  
20 among the State Water Board and the regional boards. There  
21 is a great deal of concern expressed by a number of people,  
22 from a number of different arenas, about the inconsistency  
23 of the application of State law from region to region. And  
24 those boards, unlike air quality boards, are directly in the  
25 chain of command for the State agency, the State Water

1 Board.

2           There should not be an inconsistency in the  
3 application of State law. The law must meet local  
4 conditions, but there shouldn't be the kind of inconsistency  
5 that people point to time and time again. They're all  
6 deriving their authority from the Port of Cologne Act, at  
7 the State level, and from the Federal Clean Water Act, at  
8 the federal level, principally.

9           And so there's an example of where we have a State  
10 structure that's creating inconsistency, and because they're  
11 boards, they are viewed as autonomous and independent and,  
12 in fact, the structure of those boards is autonomous and  
13 independent because the members are appointed to terms.

14           So there's a concrete example of where we think  
15 this kind of structure will help enhance accountability for  
16 equitable application and appropriate application of a  
17 standard.

18           CO-EXECUTIVE DIRECTOR GUTIERREZ: Did you see the  
19 problem as primarily the way you've just enunciated it, or  
20 did you also see the problem of trying to integrate  
21 programs? Because it strikes me that if it's the first, you  
22 could have, as an alternative, empowered the agency  
23 Secretaries to be the final arbiters, you know, in  
24 situations where there now is insufficient clarity, you also  
25 could have empowered them to make final decisions in

1 circumstances where a regional board is improperly applying  
2 State law.

3 TEAM LEADER REYNOLDS: There currently is an  
4 appeal process that exists from a regional board to the  
5 State Board. It doesn't go any farther than that under the  
6 current scheme of government, if you will.

7 And in theory what you suggest could serve as an  
8 alternative exists in State law now. One of the few places  
9 where you'll find CalEPA, the California Environmental  
10 Protection Agency, mentioned specifically in statute, is in  
11 reference to the Environmental Policy Council.

12 But the Environmental Policy Council doesn't meet  
13 in public and it's used on an ad hoc basis, and it's an  
14 effort, as I understand from the various Secretaries who  
15 have tried to employ it, a kind of a staff meeting among the  
16 heads of the various departments.

17 In theory, there's the mechanism to try to create  
18 that final arbiter, but it doesn't have any additional  
19 authority, other than to say it shall exist.

20 We would have to formalize that and I suppose that  
21 could serve as an alternative, but it's still the sense that  
22 these boards are autonomous, they operate independently,  
23 they all have their own administrative -- they're all self-  
24 contained, and it makes it very difficult.

25 Perhaps I glossed over this, but CalEPA, again,

1 was created, one of the fundamental reasons it was created  
2 was to address cross-media evaluation. And shortly after it  
3 was created we had the situation of MTBE being introduced as  
4 a gasoline additive.

5 Now, MTBE was great in terms of improving air  
6 quality, it was a fundamental constituent in the recipe of  
7 gasoline, if you will, it constituted up to 15 percent, by  
8 volume, of a gallon of gasoline.

9 But they discovered that it has an affinity for  
10 water and it will leak out of those underground storage  
11 tanks, which we knew existed, because we were approaching  
12 the end of a federal program to turn out those tanks, and we  
13 had a very robust loan program to do that. So we knew there  
14 was a problem with leaking underground storage tanks, yet  
15 the evaluation of the cross-media impact of this constituent  
16 in gasoline, which ended up to have an affinity for water  
17 and at very low concentrations, concentrations that don't  
18 approach a public health concern, you turn the water into  
19 something that smells and tastes like turpentine. So you  
20 had an aesthetic issue as well.

21 This ultimately resulted in the ban of MTBE. But  
22 if CalEPA was created for a kind of a cross-media  
23 consideration, and it had the kind of authority that it  
24 should have to meet that purpose, then why did we end up  
25 with the MTBE situation.

1           And it resulted in real things happening, like  
2   Santa Monica's and Lake Tahoe's water being contaminated.

3           COMMISSION CO-CHAIRPERSON KOZBERG:   Okay, I have  
4   Senator Ducheny, Bonner, and Gould.   Have I missed anyone?

5           COMMISSIONER DUCHENY:   Thank you.   I have three or  
6   four questions, and the first one actually follows on this  
7   boards and commissions discussion, because I think that the  
8   problem of this public input -- I mean, I appreciate what  
9   you said about the workshop policies, APA, sort of public.

10          But the true thing is that the Water Resources  
11   Board, the Air Resources Board, the Waste Board are  
12   permitting agencies with quasi-judicial capacities in many  
13   cases, like the description you just gave with the Water  
14   Board, and you don't know how you can do that with a single  
15   person, a Secretary, an agency person.

16          I mean, I don't know how you get the public into  
17   those permitting, regulatory enforcement and quasi-judicial  
18   proceedings.   What do you do with that situation?

19          TEAM LEADER REYNOLDS:   The Air Resources Board  
20   doesn't typically -- I worked for the Air Resources Board  
21   for a couple of years.   When it comes to a violation of the  
22   regulatory program, they don't typically permit things, the  
23   Air Board doesn't, at least, but they use Administrative Law  
24   Judges as their adjudicatory body.   So there's a mechanism  
25   that exists, and there's a recommendation that the

1 Administrative Law functions be combined within --

2 COMMISSIONER DUCHENY: So for Water Resources  
3 Control Board kinds of issues, state permitting of waste  
4 sites, you're going to let judges do that?

5 TEAM LEADER REYNOLDS: There's a specific  
6 recommendation -- no, I'm talking specifically about the  
7 adjudicatory function that you raised.

8 COMMISSIONER DUCHENY: Okay.

9 TEAM LEADER REYNOLDS: The permitting is not  
10 unknown in a departmental structure. The Department of  
11 Toxic Substances Control routinely adopts regulatory  
12 packages, so you don't have to have a board to do the  
13 permitting responsibility.

14 In fact, at the regional level the responsibility  
15 for permitting does reside with the board. And if you run  
16 into a situation where you don't have a quorum, or the board  
17 is not going to meet for another month, you often have a  
18 situation where the permit meets all the standards and the  
19 needs, and would be approved, and could be approved in an  
20 administrative fashion, but you need to wait around for the  
21 board to sit and meet, and consider that permit, and they  
22 ultimately put it on their consent calendar.

23 There's just ways to deal with the permitting  
24 function and the adjudicatory functions, that you mentioned,  
25 that are not in a board-like structure.



1           COMMISSIONER DUCHENY: The examples, a couple of  
2 examples that have been brought to my attention, and I'm  
3 trying to figure out the rationale for, the State Historic  
4 Resources Board, that is required by the federal government  
5 in order for us to get a million dollars in federal money  
6 every year, why did we want to eliminate that?

7           TEAM LEADER REYNOLDS: Unfortunately, I didn't  
8 write this particular issue paper. However, it was my  
9 understanding that there's been consideration of removing  
10 boards, that particular board, because it doesn't meet.  
11 The function that it serves --

12           COMMISSIONER DUCHENY: The function that it serves  
13 is to get us a million dollars a year from the feds.

14           TEAM LEADER REYNOLDS: Right, and the question  
15 is --

16           COMMISSIONER DUCHENY: That's an important thing.

17           TEAM LEADER REYNOLDS: Right. But if the question  
18 is, if that's it's sole purpose and they don't meet, I mean,  
19 why don't we find another way to try to gain access to that  
20 federal money, as opposed to having a board that really  
21 doesn't meet and serve any function.

22           COMMISSIONER DUCHENY: Well, they should meet to  
23 designate sites, that's why the federal government requires  
24 them to meet.

25           The Colorado River Board, another one that, you

1 know, is fully funded by all of the agencies who participate  
2 in it, and who think it's important for them to meet  
3 together periodically, and to interact with the federal  
4 government, and we have State presence on it, you know, it's  
5 State money.

6 TEAM LEADER REYNOLDS: Again, it was a question of  
7 a board that meets and has some justification for existing,  
8 but the role that it plays in issues like, for instance, the  
9 San Diego Water Transfer.

10 COMMISSIONER DUCHENY: Uh-hum.

11 TEAM LEADER REYNOLDS: I mean, you would have  
12 assumed that that thing, that issue would have been its  
13 primary focus. But, from our perspective, they didn't play  
14 much of a role in that.

15 And so the question is, if you have these entities  
16 that exist and you can find, in your own mind or through  
17 analyses, that there's a primary function that they should  
18 be serving, but they're not serving it, it calls into  
19 question their very existence.

20 COMMISSIONER DUCHENY: Or maybe that you  
21 restructure them in a way that makes them have different  
22 authority, I mean, that would be a different way of looking  
23 at that.

24 TEAM LEADER REYNOLDS: True, yes.

25 COMMISSIONER DUCHENY: The same thing kind of with

1 the conservancies. I mean, I know the conservancies have  
2 been controversial, but a lot of them are doing important  
3 things that relate to the State. The Coachella one, for  
4 instance, you know, is the NCCP, is the MSCP, which is a  
5 fish and game function for that area, and you know, the  
6 value in that is touchy.

7 My final comment is only with respect to the park  
8 rangers issue, that came up last week in public safety. But  
9 park rangers, as I've been given to understand it, I mean,  
10 they are POST certified and certainly need to be because  
11 they do enforcement, but the truth is most of their job is  
12 really about protecting the park.

13 And two, the law enforcement is almost incidental  
14 to their work as rangers, protecting resources, doing  
15 interpretive things, working with camper students, you know,  
16 whatever. And certainly in the larger parks, huge  
17 responsibilities. And if you separate them out from that,  
18 who would do that job?

19 TEAM LEADER REYNOLDS: In our analysis, we didn't  
20 find that law enforcement function was inconsistent with  
21 some of the things that you mentioned. It's the  
22 difference between --

23 COMMISSIONER DUCHENY: Well, why would they  
24 respond not to the park people, but to somebody else? I  
25 mean, that's the problem that you've set up. You'd have

1 their chain of command running to people that don't know a  
2 thing about parks.

3 TEAM LEADER REYNOLDS: In fact, they would be  
4 responsive to their client, if you will, in the same way  
5 that if you had a disturbance in a park at the local level,  
6 the parks and rec. folks would be in communication with the  
7 police department to say we have a problem here, you need to  
8 come and help us address it. They might develop a plan that  
9 law enforcement people would bring their law enforcement  
10 capabilities and understanding of what works, from a law  
11 enforcement perspective, to the particular problem that the  
12 parks people are experiencing, who would in turn provide  
13 their perspective.

14 COMMISSIONER DUCHENY: Well, but the problem comes  
15 up because suddenly somebody's tromping over something  
16 they're not supposed to and, boom, unless the ranger's on  
17 the spot, you can't just be calling people and, you know,  
18 the person will be gone. I mean, I'm not sure it works in  
19 that context very well and it's -- I mean, I understand that  
20 they're law enforcement and I think the coordinating  
21 function on the public safety is important.

22 Park rangers ought to have the same communications  
23 equipment, they ought to have the same kind of resources and  
24 cross-training, and there ought to be natural disaster  
25 preparedness things, where the firefighters, and the park

1 rangers, and the CHP are all coordinated, but I think that's  
2 different than moving their line of authority.

3 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
4 We're going to have to keep moving because we're running out  
5 of time. Dale, and then Russ, and then Steve.

6 COMMISSIONER BONNER: Yes, just a couple. One  
7 question is about the land conservancies. We heard some  
8 questions raised, in an earlier hearing, about the fate of  
9 certain conservancies as opposed to others. And I noted in  
10 some of the documentation that there was a finding that some  
11 of the conservancies served regional as opposed to statewide  
12 interest, but I didn't see a recommendation, a specific  
13 recommendation as to how the entire area ought to be  
14 addressed.

15 So I wanted to have a little bit of just  
16 background as to what the thinking was on that?

17 TEAM LEADER REYNOLDS: A large part of the work  
18 that we did on the conservancy issue had to do -- was drawn  
19 from the Legislative Analyst's work on this issue. They  
20 found a lot of the same things we did, but they made a  
21 recommendation that went in a different direction.

22 But where we fundamentally agreed was on the need  
23 for a statewide plan. What the Legislative Analyst  
24 recommended, ultimately, was that these be brought under  
25 more State control. But we saw a lot of what they do as

1 local and regional, and local parks work is typically the  
2 responsibility of a local entity.

3           And we think that they should be locally  
4 administered, they have a local perspective, they should  
5 have the authority to do the things that they do from a  
6 local perspective, and we should sever that tie with the  
7 State. In many respects that kind of keeps them under State  
8 control and puts certain restrictions on them, and hampers  
9 their ability to do certain things because they're under the  
10 auspices of the State.

11           So what that ultimately means is there is about  
12 \$250,000, roughly, that comes to each of the five  
13 conservancies that we think have a regional quality to them  
14 and should be devolved down to the local level. On an  
15 ongoing basis, they're receiving \$250,000 from the  
16 Environmental License Plate Fund.

17           If you are going to give them responsibility and  
18 authority for governing this function at the local level,  
19 then you need to sever that ongoing commitment of State  
20 resources, because with State resources comes the  
21 responsibility for additional oversight.

22           What we don't recommend, however, is that they  
23 lose access to the conservancy funding for their fundamental  
24 functions, which have to do with land acquisition.

25           There's \$455 million that's provided under Prop.

1 40, from 2002, specifically for conservancies, and a number  
2 of them have line items, including the Baldwin Hills  
3 Conservancy, and Coachella Mountains, and others.

4 We're not saying that the State, and its  
5 impractical and impossible, in many ways, to eliminate that,  
6 but we didn't recommend it.

7 So anyone who feels an imminent threat for the  
8 funding that's provided for them to perform their core  
9 function is mistaken, and we want to make that clear.

10 But we do believe, fundamentally, that it's a  
11 question of the governance structure and that it's better  
12 governed at the local level, the five conservancies that we  
13 mentioned.

14 The three that we recommend remain under State  
15 control are the Coastal Conservancy, which includes 1,100  
16 miles of the State's coast. We think there's a statewide  
17 interest and impact there.

18 The Coachella Mountains Conservancy, which is the  
19 most mature conservancy among all the local conservancies,  
20 if you will, in the State, and was created three years after  
21 the Coastal Conservancy, and compliments the Coastal effort.

22 And then the Tahoe Conservancy, which is part of  
23 an interstate compact.

24 We think, in those three cases, you can justify it  
25 being a State entity.

1 COMMISSIONER BONNER: I think that answered the  
2 question. In the interest of time, I'll --

3 COMMISSION CO-CHAIRPERSON KOZBERG: That's a  
4 change from your report.

5 TEAM LEADER REYNOLDS: I'm sorry. I'm sorry, yes,  
6 did I say the Coachella Mountains? The three we recommend  
7 remain. The three that we recommend remain as State  
8 entities are Santa Monica Mountains, the Coastal  
9 Conservancy, and Tahoe.

10 COMMISSION CO-CHAIRPERSON KOZBERG: Russ.

11 COMMISSIONER GOULD: Just very quickly, following  
12 up on that point, it seems that this issue about what should  
13 be local and what should be State is sort of a central theme  
14 here. And, for example, the fair boards you say ought to be  
15 really locally administered. You know, you do have some  
16 division among the conservancies.

17 And I wasn't clear how you looked at state parks,  
18 museums, and heritage, and I wonder if you could clarify  
19 that point for me?

20 TEAM LEADER REYNOLDS: The Parks Department, from  
21 our perspective, operates in a unified way right now. The  
22 difference between -- and the cultural area, in the museum  
23 area, this is much less so, but they still perform the lead  
24 function in the State when it comes to cultural and  
25 historical resources. They have more holdings, more



1 artifacts, that they are responsible for, than other  
2 entities in the State of California.

3           When it comes to the parks, yes, they are  
4 individual parcels and they are geographically located, but  
5 they're supposed to be. And I guess some people will debate  
6 this, but there is and there's supposed to be a statewide  
7 plan. That is one of the fundamental things that's lacking  
8 when it comes to conservancies, and one of the things that  
9 we agree with when it comes to the LAO findings. There  
10 should be a statewide plan that applies to these, and not  
11 just the conservancies as a separate entity, and not just  
12 the parks.

13           It should include the work of the Wildlife  
14 Conservation Board, which includes a habitat acquisition.  
15 It should include the Parks and Rec. Department, which deals  
16 with recreation and park holdings, and public access  
17 issues.

18           The conservancies do all of those things, they  
19 should be a part of the statewide plan.

20           And there should be the Coastal Conservancy and  
21 the Coastal Commission's work on public access that's  
22 included in this.

23           We need to have a statewide plan when it comes to  
24 land acquisition, it's just uncoordinated right now.

25           And the same thing applies in the historical

1 resources area.

2 But again, the reason for parking it in Parks, if  
3 that's the question, is because they have the most  
4 responsibility and have the most mature program when it  
5 comes to historical and cultural resources.

6 COMMISSION CO-CHAIRPERSON KOZBERG: Steve.

7 COMMISSIONER FRATES: Just briefly. First, let me  
8 say I'm quite impressed with the degree and analysis. As  
9 usual, Chon, you and your staff have done an excellent job.

10 But there are two recurring themes that I see  
11 here. One is that there's oftentimes an internal problem of  
12 coordination amongst State agencies. In other words, the  
13 famous 105 freeway water table fiasco, the kind of thing  
14 that might be solved by a checkoff list, or something as  
15 simple as that, or some people just talking to each other in  
16 some organized, procedural manner, rather than structurally  
17 changing the government, and that's one part of it.

18 And the second thing is that oftentimes for the  
19 citizens this can get quite confusing because there are  
20 multiple layers of people involved in the decision making  
21 process.

22 In that latter regard, I notice that you do have  
23 one proposal, if you will, for the multimedia type of  
24 instructional or informational thing.

25 Has there been any attempt to kind of drive this

1 problem from that side, to say, hey, let's make it clear to  
2 everybody which people get a shot on a particular project,  
3 or particular policy, or something like that, so it's  
4 consistent and understandable? That would reduce  
5 frustration, I think, both in the development industry and  
6 in the environmental community, as well.

7 I recognize those are two pretty separate  
8 questions.

9 TEAM LEADER REYNOLDS: Well, actually, there's a  
10 great deal of synergy between the issues that you raised,  
11 though, because you're right. One of the things that people  
12 have said, when it comes to boards and commissions, we're  
13 concerned about your recommendation that it will no longer  
14 be a board or commission because they won't be accountable  
15 to us. But they're confusing accountability with  
16 accessibility.

17 One of the things that we think makes things more  
18 accountable is not just flattening the organization and  
19 bringing the responsibilities much closer to the Governor,  
20 and to the Secretaries, and so on and so forth, but also  
21 making government more intuitive, it's a part of putting  
22 people first.

23 In the same way, we should make our processes more  
24 intuitive. What we believe part of what we have  
25 accomplished is by locating things in functional areas we

1 have made government more intuitive, so it will be easier  
2 for people to understand what it is they're supposed to do.  
3 Because there is a confusing array of different  
4 responsibilities that are in different places, and a whole  
5 host of different items that could be found on any given  
6 checklist, for any one of those.

7           And yes, there is an internal coordination problem  
8 and, yes, we are trying to grapple with that by structural  
9 changes. But, inevitably, we will need to be vigilant about  
10 that because it will continue.

11           I mean, where is the dividing line between the  
12 need to accommodate resource protection and recognition of  
13 historical, and cultural, and those kinds of assets, and  
14 needing to build more affordable housing. I mean, how do we  
15 make those two things come together?

16           We have tried to achieve that. And then I will  
17 defer to Joan Borucki to speak about the effort at creating  
18 a coordinated planning effort. We think that this will, in  
19 many ways, help with that. There's a specific  
20 recommendation in the Infrastructure chapter.

21           But it is a continuing issue, we'll need to be  
22 vigilant about it. And in some ways we address some of the  
23 smaller things. We had a paper on interagency work  
24 agreements.

25           There's thousands of hours of senior level

1 management time and lawyer's time spent on just trying to  
2 get this person, who works for this agency, to work with  
3 this person for that agency, and then you've got the  
4 Department of General Services reviewing the contract.

5 Aren't we all on the same team? Shouldn't we all  
6 be working together for a common goal and common purpose?

7 But, unfortunately, we have created structures in  
8 government that inhibit that. We do need to be vigilant to  
9 that. But I'll let Joan talk about the planning.

10 TEAM LEADER BORUCKI: Well, since I already talked  
11 about the planning, but there are three different  
12 recommendations within the Infrastructure chapter that deal  
13 with the issue of how do you get those people to talk to  
14 each other better, and sooner rather than later. And they  
15 deal specifically between the Resources and the  
16 Infrastructure Agencies.

17 The example of the 105, they had been talking to  
18 each other for years on that whole project. It never  
19 occurred to anybody that the water table might be an issue.

20 And so on those kinds of things, what we're trying  
21 to do is establish a more formal process up front, earlier  
22 in the process to get that kind of discussion going.

23 COMMISSION CO-CHAIRPERSON KOZBERG: Can you just,  
24 very briefly, tell us your thinking on how you approached  
25 the Air Resources Board recommendation?

1           TEAM LEADER REYNOLDS: The Air Resources Board  
2   recommendation is simply that the programs remain intact,  
3   but that you no longer have a board structure for the Air  
4   Resources Board. That's it, in a nutshell.

5           We think that utilizing the other public access  
6   mechanisms, that I mentioned earlier, the Administrative  
7   Procedures Act, the Expert Advisory Panel, that we've  
8   recommended, the ability to host ad hoc hearings, to have  
9   public workshops, we think that those mechanisms should be  
10   utilized to continue to gather public input, but that it be  
11   an Air Quality Division.

12          We think that the world renowned program that  
13   exists at the Air Resources Board will continue.

14          COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

15          We're now going to move to our Panel on Water.  
16   Okay, as we begin, we thank you all for coming. And we know  
17   that you're aware that you have five minutes, and then we'll  
18   have questions and answers.

19          We do have a timekeeper up here. I believe you  
20   will be notified when you have one minute left, and then a  
21   red card will go up that says you need to wrap up your  
22   comments.

23          All right, we'll start with you and if you could  
24   all make self-introductions.

25          Would you prefer to start?

1 PANEL MEMBER GOLD: I think that was the order.

2 COMMISSION CO-CHAIRPERSON KOZBERG: Okay, either  
3 way is fine.

4 PANEL MEMBER GOLD: My name's Dr. Mark Gold, I'm  
5 the Executive Director of the environmental group, Heal the  
6 Bay.

7 And in general, the CPR development and review  
8 process, and the truncated public input approach are a  
9 concern. At a minimum, CPR discussions related to water  
10 should be more focused and take place in other regions  
11 impacted, as well.

12 Heal the Bay looks forward to working with  
13 Secretary Tamminen and his staff, on these issues, in the  
14 near future, though.

15 Although there are some things in the CPR report  
16 which we do support, i.e., we strongly support making  
17 government more accessible to the public by upgrading  
18 information technologies, database management systems, and  
19 E-report submissions and releases, Heal the Bay does not  
20 support anything specific to the water quality governance  
21 structure recommendations about regional and State Water  
22 Quality Control Boards.

23 Specifically, we oppose the proposal to eliminate  
24 the State and regional boards. This is by far the most  
25 damaging water quality recommendation made in the CPR.

1           For background, I've appeared before the State and  
2 regional board over 100 times in the last 16 years, so it's  
3 something I do know a great deal about.

4           Elimination of the boards would severely limit  
5 public participation, as you've brought up before, in the  
6 regulatory and policy making process. The boards are the  
7 entities that are most accountable to the public.

8           One only needs to look at our own region, Region  
9 4, the Los Angeles area, issues such as the enforcement  
10 against the Army Corp for illegal dumping at Hansen Dam,  
11 landfill expansion at Sunshine Canyon, and numbers TMDLs and  
12 county storm water permits to understand the level of public  
13 agency discharge or involvement at board meetings, and the  
14 lengths that the regional board went to respond to these  
15 concerns.

16          Elimination of boards makes regulatory  
17 deliberations secret, rather than before a public audience  
18 and the media. The check and balance of a public process is  
19 absolutely critical to reduce the risk of corruption and to  
20 hold board members accountable for their decisions, an issue  
21 that comes before the Senate during confirmation hearings  
22 for reappointments, and every time a controversial decision  
23 is covered by the media, so there's accountability there.

24          In addition, public participation is a fundamental  
25 principle in environmental regulation, under both State and



1 federal law. And the elimination of boards will mean that  
2 California will unlikely remain as a national water quality  
3 protection leader.

4 Also, elimination of boards will not save much  
5 money, given the extremely low per diem allowed for the 81  
6 regional board member positions, a total of about \$13,500  
7 per year, per person, nor will it increase the  
8 administration accountability or regulatory decision making.

9 The state boards must be maintained. The state  
10 boards monthly, public meetings provide invaluable access to  
11 the general public and groups who do not maintain a lobbying  
12 presence in Sacramento.

13 Also, the State Board's role as an appellate body  
14 for the regions on enforcement and permitting issues is  
15 absolutely critical. As was stated earlier, the CPR doesn't  
16 even provide this critical function.

17 All TMDLs come to the State Water Board before  
18 they are forwarded to the Office of Administrative Law. In  
19 addition, funding decisions on State revolving fund projects  
20 and bond measure funded projects come before the Board.

21 The most important function, and this is what's  
22 critical here, is to approve statewide water quality  
23 policies and to ensure that these policies are applied  
24 consistently across the State, and this is an area that  
25 needs improvement.

1           The regional boards must also be maintained. I  
2 have listed before you a number of responsibilities there,  
3 that are very, very critical.

4           Other related issues include the following, the  
5 procedural function of the proposed undersecretary is also  
6 unclear. Although it seems the State Board staff will  
7 remain intact, it's unclear if regular State Board meetings,  
8 hearings, and workshops will continue, and it sounds like  
9 they won't, or administered in some other fashion than by  
10 the former State Board.

11           Also, it's unclear if the new exempt officers will  
12 replace the current regional board executive officers, which  
13 are very experienced, as well as the boards, themselves.

14           And for your information and background, there's  
15 been significant analysis of regional board performance and  
16 recommendations to improve performance already compiled by  
17 the Bipartisan Public Advisory Group, under AB 982.

18           Convened to help the State with its water  
19 monitoring and water pollution TMDL programs, the CPR  
20 recommendation's not in accord with any of the multi-year  
21 comments or suggestions by both dischargers and the  
22 environmental groups.

23           The last three, I'll try to wrap up, we do not  
24 support the possibility of regional offices and water  
25 quality regions, making them economic, rather than watershed

1 specific. That's actually one of the best things right now  
2 is that you have watershed based regulatory functions, and  
3 planning, and something that the State, under numerous  
4 administrations, has been pushing for quite some time.

5 Also, we oppose the proposed changes to the basin  
6 planning process. It completely underestimates how  
7 difficult it is to do this basin planning, and to assume  
8 that you can just do this on a six-month period, with people  
9 who aren't trained specifically in this, and then have them  
10 go away for two and a half years, really underestimates the  
11 importance of basin planning and the entire function that it  
12 provides.

13 And then, finally, we oppose deletion of the  
14 minimum six meetings-per-year requirement for the regional  
15 boards. Clearly, this is where the public has the  
16 opportunity to get involved in public policy making and  
17 regulatory decision making, and eliminating that takes that  
18 away.

19 Thank you for the opportunity to comment, and we  
20 look forward to sitting down and discussing ways to optimize  
21 the effectiveness of California's water quality protection  
22 efforts in the near future.

23 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

24 David.

25 PANEL MEMBER GUY: Thank you, Chairs, and Members

1 of the Commission. My name is David Guy, I'm the Executive  
2 Director with the Northern California Water Association. We  
3 represent water users and local governments throughout the  
4 Northern California region, including a significant  
5 agricultural portion of the State, in the northern part of  
6 the Central Valley, as well as the complex of wildlife  
7 refuge management areas and other managed wetlands that are  
8 in the region, as well as, of course, about half of the  
9 endangered and threatened species in the State reside in  
10 that area. And our efforts are to improve the viability of  
11 all of those portions.

12 My Board of Directors is made up of the water  
13 leaders and the local, elected supervisors throughout the  
14 region, and they want to express their enthusiastic support  
15 for this exercise, and particularly the Governor's Executive  
16 Order creating the California Performance Review. We are  
17 very interested, and they are very interested, of course, in  
18 the streamlining in saving taxpayer dollars and, of course,  
19 in improving both accountability and accessibility to  
20 government. That is in their interest.

21 The temptation, and its one that I have, as well,  
22 is that when you get into an exercise like this, and you  
23 look at this, you become very protective and you want to  
24 retain the status quo, and you want to look at the agencies,  
25 the programs, the personnel, whatever it might be that are

1 kind of important and near and dear to you.

2 And as what we have done, and my Board has urged  
3 me to do, is to not try to get caught up in that, but to  
4 step back and say what is in the best interest of the State  
5 of California, as we move forward, even it might be against  
6 some of our short term interests.

7 And I think the most effective way to look at the  
8 water arena, at least in my view, is almost to do what is  
9 described in the report, and that is the form follows  
10 function. And in my view, there are six critical areas in  
11 water that I want to just touch on. But, obviously, with  
12 the time limitation, it's not easy to spend much time here,  
13 but I want to highlight a couple of aspects of this.

14 The first is the planning function. The planning  
15 function is absolutely critical. We support the  
16 recommendations in the report, I'll leave it at that.

17 The second is the organization which, of course,  
18 is what most people are talking about with respect to the  
19 report. And, again, we really like the idea of the form  
20 follows function, and we believe that they have laid out an  
21 organizational report that largely we support.

22 There are two pieces I want to highlight. The  
23 need for the Infrastructure Department, we believe, is  
24 sound. Also, though, we feel very strongly in keeping the  
25 separation of the water quality and the water rights

1 function. And there are, undoubtedly, many ways to do that,  
2 and one of those is proposed in the report. But we believe  
3 keeping the autonomy and the separation of the water rights  
4 and the water quality function is very important.

5 We also support, of course, the creation of the  
6 Public Safety and Homeland Security because, of course, with  
7 respect to water flood protection, it's a major aspect I'll  
8 talk about in a second.

9 The third area is local assistance. Local  
10 assistance, in my view, has been one of the most effective  
11 programs that the State of California has had with respect  
12 to water, and we want that to continue. I believe that a  
13 lot of effort can continue in that road, and there's a lot  
14 of efforts that can be made to coordinate those.

15 One of the things that we are not real enamored  
16 with, with the report, is the idea of consolidating all of  
17 the grant processes within one place. We believe that there  
18 is some centralization that can occur, but we would hope  
19 that would occur within each individual department, with  
20 that particular expertise.

21 But there can be a lot of coordination and we  
22 support the report's goals in doing that.

23 The fourth area is the State Water Project. The  
24 State Water Project recommendations, we believe, are very  
25 good. The State Water Project, there's always been an

1 inherent conflict in the Department of Water Resources  
2 between the State Water Project, and all of its important  
3 responsibilities for statewide management, and we believe  
4 that creating a State Water Project would be in the interest  
5 of the State of California.

6           The fifth area is CALFED. This is an area where I  
7 know that the recommendations are fine, but I think that we  
8 would encourage the Governor to issue a much broader vision  
9 for CALFED, a much more sounder program that we hope will  
10 emerge over the next couple of years on what is the future  
11 of CALFED. The coordination there is obviously very  
12 important among the agencies.

13           And then the final areas, the sixth area that I  
14 just want to touch on is flood protection. Again, the  
15 public safety is paramount in the State of California, and  
16 we believe that moving those functions to a Department of  
17 Public Safety and Homeland Security makes a tremendous  
18 amount of sense.

19           As you can see, we generally support the  
20 recommendations. There's a tremendous amount of detail  
21 underlying every single one of these, we all recognize that.  
22 But to me, the most effective thing that we can do at this  
23 point, in this process, is to move forward with the ideas  
24 contained in the report and figure out the most effective  
25 way to begin to implement them.

1           Again, we enthusiastically support you moving  
2 forward with this process and most of the recommendations in  
3 the report. Thank you.

4           COMMISSION CO-CHAIRPERSON HAUCK: Gary.

5           PANEL MEMBER ROBINSON: Good morning,  
6 Commissioners. My name is Gary Robinson, I'm an almond and  
7 pistachio grower. I reside in Hanford, it's about 30 miles  
8 south of here, and I farm on the west side of Fresno County.  
9           I'm here, today, representing California Farm  
10 Bureau Federation, as a member of the Water Advisory  
11 Committee.

12           The California Farm Bureau Federation supports the  
13 recommendations of resource 18, that environmental  
14 protection and compliance be undertaken using a risk-based,  
15 multimedia approach.

16           This approach should be taken similarly with  
17 permitting, monitoring, reporting, and fee requirements.  
18 This is particularly true of water quality regulation, which  
19 serves as a good example of the shortcomings of the  
20 traditional bureaucratic approach as applied to farming, and  
21 compared to the benefits of a more results-based approach.

22           We are here, in the heart of the Central Valley of  
23 California, there are approximately seven million acres of  
24 irrigated farmland in California, spread throughout 50 to 80  
25 thousand farms.



1           While much of the Central Valley drains to the Bay  
2 Delta, the Tulare Lake Basin, to our south, does not. Water  
3 use patterns and practices vary greatly from the north to  
4 the south end of the valley, while winter rainfall patterns  
5 mark sharp differences within the valley.

6           As an example is, where I farm near Coalinga,  
7 Coalinga's the largest community near our farming operation,  
8 annual rainfall is on the order of five to six inches. I  
9 live in Hanford, 30 miles away, average rainfall in Hanford  
10 is ten inches. If you move to the foothills of the Sierra  
11 Nevadas, in this area, average rainfall is 15 to 20 inches.

12           So even though you're in a fairly narrow strip of  
13 the valley topography, rainfall amounts vary significantly.

14           An enormous diversity of farming practices exists  
15 within the Central Valley, which reflects a wide variety of  
16 approaches to nutrient, and pest management, and irrigation  
17 management. This, in combination with geography and other  
18 factors, lead to a wide variety in the degree of risk that  
19 actual farms pose to the aquatic environment.

20           Many farms still flood irrigate, while a growing  
21 number employ technological systems that produce little or  
22 no tailwater, thus further affecting the degree of potential  
23 risk that any given farm poses to downstream water quality.

24           Again, as a personal note, our orchards are all  
25 irrigated by drip or microsprinkler irrigation systems,

1   there's absolutely no water that ever leaves our fields.

2               Soil types play an important role in retention or  
3 runoff or irrigation or storm water. Another factor is the  
4 obligation, in some other areas of the valley, that some  
5 irrigators have to release tailwater to further irrigation  
6 use immediately downstream.

7               Finally, the enormous variety of crops grown in  
8 the valley, and the resultant variety of crop protection  
9 needs, add further to the need to consider which operations  
10 actually pose real risks and which others are of little or  
11 no concern.

12              The large number of farms in the valley require a  
13 prioritized approach to protecting water quality. It is  
14 necessary that an accurate assessment of the risks  
15 attributable to different types of farming operations be  
16 done. Without this prioritization, the public and the  
17 farming community, and even environmental activists have no  
18 assurances that efforts are being expended to eliminate real  
19 problems, rather than being wasted on illusionary or  
20 politicized issues.

21              Farmers tend to be problem solvers. We work with  
22 the environment each day. When we have a problem, I think  
23 we tend to try to identify the best way to solve that  
24 problem, we prioritize our assets in a way that helps us  
25 solve the problem as quickly and as efficiently as possible.

1           I think, in a short word, we would like to see our  
2 government agencies do the same.

3           But with all of these factors affecting degree of  
4 risk, that I've talked about, the Central Valley Regional  
5 Board's Irrigated Lands Program has one set of requirements  
6 that apply to every farm in the valley, regardless of size,  
7 location, rainfall pattern, soil types, water management and  
8 use patterns, cropping patterns, nutrient and pest  
9 management techniques, et cetera. These requirements read  
10 as though they are designed for operations that pose an  
11 immediate threat of significant environmental harm, despite  
12 the fact that most farms pose no such threat.

13           Similarly, the administration, or the program  
14 administration has focused on bureaucratic tasks, like  
15 enrollments, establishing a fee base, enforcement policies,  
16 and ineffective outreach activities.

17           Technical items, like retaining a contractor to  
18 prepare an environmental impact report, forming a technical  
19 advisory committee, development of a core monitoring  
20 program, and the approval of watershed coalition monitoring  
21 plans have lagged.

22           As a result of this literal one-size-fits-all  
23 approach and focus on bureaucratic, rather than substantial  
24 aspects, this program faces significant skepticism from  
25 farmers throughout the valley.

1 I'll quickly point out that a contrary example  
2 exists in the Central Coast Regional Board's Agricultural  
3 Waiver Policy. While not a perfect program, the Central  
4 Coast Waiver Rules actually encourage self-assessment and  
5 focus on implementation of management practices that are  
6 tailored to address actual risk to water bodies, with  
7 documented impairments.

8 CFBF would also note that there are important  
9 multimedia issues related to non-point source water quality  
10 protection and reduction of agricultural air quality  
11 impacts. This entire program would benefit tremendously  
12 from the risk-based, multimedia approach discussed in the  
13 CPR recommendation.

14 Thank you.

15 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

16 Linda.

17 PANEL MEMBER SHEEHAN: Good morning,  
18 Commissioners. My name is Linda Sheehan and I'm the Pacific  
19 Region Director for the Ocean Conservancy. We're based in  
20 D.C., and we have offices here in California, in San  
21 Francisco, Santa Barbara, and Santa Cruz.

22 I welcome the opportunity to testify before you  
23 today on water quality issues, especially talking about how  
24 to protect water quality more efficiently, we're all for  
25 that.

1           However, we also need to make sure that whatever  
2   recommendations we do move forward with, move us forward and  
3   strengthen environmental protections and not weaken them.

4           Polls show, again and again, that Californians  
5   value a healthy environment for themselves and for a  
6   thriving economy. And the CPR report does contain some very  
7   thoughtful recommendations on how to manage our environment  
8   more efficiently and effectively.

9           Many other recommendations, however, do impede  
10   progress on environmental goals, increase cost, and reduce  
11   public access to decision making.

12           The most disturbing, that you've heard earlier, is  
13   the trend in the report to create these mega bureaucracies,  
14   that take government away from the people and, even more  
15   problematically, don't solve the problems that are  
16   articulated in the report.

17           The CPR report addresses four thematic areas, and  
18   I'll run through some examples on each. The first is making  
19   access better for people in California.

20           Second, better organizing our programs in order to  
21   meet agency mandates.

22           Third, making government more accountable.

23           And fourth, of course, saving taxpayer dollars.

24           First, with respect to access, the Commission, I  
25   must say, has been underserved by the limited public access,

1 in general, in the development of the report, and being able  
2 to participate in some of the hearings on environmental  
3 issues.

4 So far the Commission has had a relatively one-  
5 sided analysis of environmental issues which has, in turn,  
6 resulted in some of these problematic recommendations. And  
7 we do look forward to working with you to make sure that all  
8 of the issues are in front of you, on the table.

9 As was raised earlier, many of the specific water  
10 related proposals, in particular create these giant  
11 bureaucracies that effectively shut the public out of the  
12 decision making process.

13 This is particularly important with respect to  
14 water issues because public access and transparency on water  
15 decisions are vital to keep the peoples' trust, especially  
16 since water is a trust resource that's supposed to be  
17 managed in trust for the people of California.

18 The report aims to change the open public process  
19 about these trust resources and make it far less accessible  
20 to the public.

21 And the proposals to eliminate the State and  
22 Regional Water Boards, and another trust agency, the State  
23 Lands Commission, are illustrative of this problem.

24 With respect to the second CPR theme of achieving  
25 State mandates and goals, we agree with the LAO report, that

1 the CPR report generally fails to provide a sufficient level  
2 of analysis and support for its conclusions, particularly  
3 with respect to the proposed organizations.

4           We agree with the LAO's finding that  
5 reorganizations should only be undertaken when there is a  
6 clearly defined problem with the existing system and there's  
7 a convincing reason to believe that the new system will  
8 address the problem. It's a simple rule.

9           The LAO also found that many of the articulated  
10 problems could, in fact, be solved with simpler solutions,  
11 such as improved leadership, policy changes, better  
12 coordination between departments, inter-agency agreements,  
13 and cross-department training.

14           The report provides no indication that these  
15 important alternatives were examined.

16           However, some can be extremely effective. One  
17 example that comes to mind is the MOU between the Coastal  
18 Commission and the State Water Board on coastal polluted  
19 runoff. Those agencies are coordinating and talking much  
20 more effectively because of that MOU.

21           Another example, that's even more significant for  
22 the Ocean Conservancy, and other groups, is SB 1319, a bill  
23 by Senators Burton and Alpert, which would create an Ocean  
24 Management Council that coordinates the ocean management  
25 efforts of several agencies with key ocean mandates.

1           We look forward to the Governor's signature on  
2   this important bill.

3           Rather than consider important alternatives, like  
4   these, the report instead creates bureaucracies that take  
5   government away from the people.

6           You heard about the elimination of the State and  
7   Regional Water Boards, and the State Lands Commission. The  
8   bifurcation of water quality and water rights decisions,  
9   from the State Water Board, is another example of the  
10   problematic dissolution of functions that have been working  
11   well, closely together.

12          CALFED, Salton Sea, Mono Lake, the Klamath River  
13   are all reasons that we need to keep these functions  
14   together.

15          The idea of putting DHS in with the State and  
16   Regional Water Boards, the drinking water functions, is  
17   possibly a good one, similar to integration of water quality  
18   and water rights, and merits further consideration.

19          With respect to accountability, it's very  
20   important to keep in mind that local decisions and local  
21   public access is very important with respect to water, and  
22   sometimes we get some very important local benefit out of  
23   that with respect to things like trash standards, in Los  
24   Angeles, and agricultural runoff along the Central Coast.

25          I did want to emphasize that some of the specific,



1 low-hanging fruit proposals can be good, but do merit  
2 further consideration, such as inter-agency contracting,  
3 which can actually realize some better efficiencies, if we  
4 look forward a little bit more closely.

5 And we do look forward to working with the  
6 Commission on fleshing out some of this analysis more  
7 carefully. Thank you.

8 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

9 Questions, Commissioners?

10 COMMISSIONER FOX: I'd like to get some  
11 clarification, please, on the regional water board  
12 discussion because, obviously, Dr. Gold and Ms. Sheehan  
13 talked about their necessity, and then I hear from  
14 Mr. Robinson that the local board doesn't seem to adjust to  
15 local circumstances.

16 So I'll address my question to Mr. Robinson, but  
17 everyone else can jump in, and ask you why you feel that  
18 your local board is not responding, why does it have a one-  
19 size-fits-all, and why doesn't it respond to the needs of  
20 the local community?

21 PANEL MEMBER ROBINSON: Actually, I don't think I  
22 know the answer to that. We've certainly, the farming  
23 community and California Farm Bureau Federation, have  
24 certainly talked to board members, and staff, and have tried  
25 to point out the large diversity of farming operations in

1 the Central Valley and, I guess I would say, as of yet we  
2 have not been able to convince them to be more flexible and  
3 to allow more creativity, and to allow for more variety in  
4 the kinds of programs that they'll accept.

5 PANEL MEMBER SHEEHAN: I think one of the reasons  
6 that that's the case is fairly simple, the Central Valley  
7 Water Board is severely understaffed with respect to  
8 agricultural runoff issues, particularly when compared to  
9 the Central Coast. The Central Coast has almost the same  
10 number of staff, and yet a much smaller number of parties,  
11 about 2,500 farms, versus 25,000.

12 So in the Central Coast they've been able to hold  
13 local workshops, local hearings, have meetings of local  
14 leaders over a period of a couple of years.

15 Whereas that's much more difficult to do in the  
16 Central Valley, without adequate staffing, and there are a  
17 number of solutions to that.

18 PANEL MEMBER GOLD: And I would just echo what  
19 Linda is saying and just say, in addition, that's why  
20 there's basin plans for each reason is that they're supposed  
21 to take into account exactly what Mr. Robinson was bringing  
22 up, that the one-size-fits-all approach doesn't always work.  
23 And it says a lot, perhaps, about what sort of leadership's  
24 coming from Sacramento on making sure that the basin plans  
25 are actually being implemented in a way that, A, it's

1 providing consistency where it's absolutely needed, because  
2 that's been one of the number one issues; and, B, providing  
3 flexibility, where needed, to figure out different ways to  
4 make sure that water quality's protected.

5 COMMISSION CO-CHAIRPERSON KOZBERG: Dale.

6 COMMISSIONER BONNER: This is a question primarily  
7 for Mr. Gold and Ms. Sheehan, although any of the others are  
8 free to respond. And it goes to the notion of  
9 accountability, we heard some discussion about earlier, and  
10 each of you made some extensive remarks about that. But I'm  
11 still a little bit curious, there's no question that the  
12 boards and commissions offer the public a platform, and  
13 access, and enhanced transparency, people can come and see,  
14 and hear what's going on, and participate.

15 But the notion of accountability, and most people  
16 when they think accountability, that means if you screw  
17 something up, you may be replaced or you may be called to  
18 account and explain things. But most of these boards and  
19 commissions are staffed with people who are appointed for  
20 term appointments, I think one of you may have acknowledged,  
21 you made reference to the Senate confirmation process which  
22 occurs, typically, in the first year of what could be a  
23 five-year term.

24 So tell me a little bit about what you mean by  
25 accountability and how a board or commission, that may or

1 may not be responsive to the public needs, can actually be  
2 held accountable?

3 PANEL MEMBER GOLD: I would say a couple of  
4 different ways. One is I still believe that since these are  
5 members of the community and, generally, the Governor does  
6 appoint leaders who are pretty well known in the community,  
7 they're accountable for their decisions just from the  
8 standpoint of being there, in front of the public, and the  
9 fact that the media is covering their decisions.

10 That might not be as far as you want to go, but I  
11 am saying that is definitely a degree of accountability  
12 that's significant.

13 From the standpoint of accountability to the State  
14 Water Resources Control Board, and the regional board, to  
15 the Governor's Office, I mean, I think that has a lot to say  
16 with the appointment process, are you really, truly getting  
17 the people who are trying to implement the vision of the  
18 Governor in your appointments, or are you just appointing  
19 whoever's convenient?

20 And from the standpoint of having a role and  
21 determining who the chairs are of the State Water Board and  
22 the regional board, I think the Administration can take a  
23 much greater role in that regard. Obviously, they do at the  
24 State Water Board level.

25 There definitely are some issues that could be

1 addressed on increasing accountability, but not at the  
2 expense of literally getting rid of the opportunity for  
3 public involvement and public access. And so those are  
4 things that are minor tweaks, not throwing out the entire  
5 system.

6 COMMISSION CO-CHAIRPERSON KOZBERG: J.J.

7 COMMISSIONER JELINCIC: I'd like to address this  
8 question to Mr. Guy, but anyone who would like to comment,  
9 feel free to.

10 You talked about separating water rights and the  
11 water quality issues. It seems to me that those two are  
12 linked, you know, directly. Can you expand, a little bit,  
13 on why you think they ought to be separated?

14 PANEL MEMBER GUY: Yes, thank you for the  
15 question. Yeah, they're absolutely linked, there's no  
16 question about it. But I think what is important is that  
17 there is a water rights system in the State of California  
18 and then there is a water quality function. And in the  
19 decision making process, for when you make water rights  
20 decisions, you shouldn't be judging that based on the water  
21 rights piece of that.

22 In fact, that is the way it currently exists, it's  
23 just now that it's housed within one agency, of course, you  
24 make the water rights decision and then -- or excuse me, you  
25 make the water quality decision and then if there's a water

1 rights implication, you can then go to that next step.

2 Melding those two really destroys the purity that  
3 I believe is necessary to keep those two very separate  
4 because they are, in fact, very distinct functions. But  
5 they are related.

6 And I think, regardless of a structure that you  
7 ultimately choose, making sure that you have the process  
8 work between those two is going to be absolutely key. But  
9 we believe keeping them pure is necessary.

10 COMMISSION CO-CHAIRPERSON KOZBERG: Jim.

11 I'm sorry, Linda, did you want to comment?

12 PANEL MEMBER SHEEHAN: Well, respectfully, I would  
13 disagree. I think that, you know, perhaps in some cases  
14 water quality and water rights are not linked, but I think  
15 in many cases they are. And the Klamath River, for example,  
16 is a process that's going on right now where flows and  
17 pollution issues are intricately linked.

18 And the Water Board was set up based on a very  
19 thoughtful analysis, and decided that these things are  
20 linked and need to continue to be linked. And perhaps  
21 greater efficiencies can always be achieved, but I would not  
22 want to do that at the expense of bifurcating those two  
23 important functions.

24 COMMISSION CO-CHAIRPERSON KOZBERG: Jim.

25 COMMISSIONER CANALES: Thank you. I think my

1 question is for Dr. Gold and Ms. Sheehan, since the two of  
2 you spoke, I think -- and I can barely see Ms. Sheehan, but  
3 I see her there -- since the two of you spoke quite  
4 articulately about the question of access to the process of  
5 the development of the report and now, access at this stage  
6 in the process in terms of public engagement with the  
7 recommendations, and I think it's a two-part question.

8           The first part has to do with having you reflect  
9 on to what extent you felt you had any access during the  
10 development of these recommendations, just for our own  
11 edification, about the extent to which that process was  
12 inclusive or not?

13           And then, second, since you've each expressed  
14 concerns about the nature of the recommendations and how  
15 quickly things are moving, and the fact that these  
16 recommendations do require more careful thought, if you can  
17 offer a little bit more commentary about how you would go  
18 about doing that? In other words, rather than simply saying  
19 it needs more time, if you can help us figure out how we  
20 would get from here to there without bogging ourselves down  
21 in a process that would take months and years to get from  
22 here to there, so two parts?

23           PANEL MEMBER GOLD: Well, on the first part, no  
24 involvement whatsoever, never got a phone call from anybody  
25 involved in this process about the opinions of our

1 organization on any of these issues. Which is kind of  
2 strange, considering how involved many of our Board members  
3 are, as well as my staff in numerous different State policy  
4 making arenas, and so that was more than a little  
5 disappointing.

6 From the standpoint of where do we go from here, I  
7 guess it really depends on where you go from the standpoint  
8 of making that transition between what your recommendations  
9 are, as the CPR Committee, and how that's going to actually  
10 transition over to the Administration, itself.

11 So one of the recommendations that I alluded to,  
12 in my testimony, is that we'd be more than willing to sit  
13 down with Secretary Tamminen and really start going through  
14 the merits of some of these recommendations.

15 Plus, more importantly, coming up with, I think,  
16 different recommendations that I think would far more  
17 effectively try to deal with some of the issues that,  
18 obviously, the CPR was created to address, to begin with.

19 We feel that the issues on the water quality side,  
20 especially in regards to the State and regional boards,  
21 would be catastrophic. And there are many, many  
22 recommendations that could be made to greatly enhance the  
23 existing situation.

24 And I think most stakeholders who are before the  
25 regional board, or the State Board, on a regular basis,



1 would agree, you don't have to throw out the entire system  
2 to fix it.

3 PANEL MEMBER SHEEHAN: I'd like to agree  
4 that -- I'm sorry, I can't see you. But no, I did try to  
5 actually sniff around and see if there was a way to become  
6 involved, talk with my agency friends, and no, we don't know  
7 anything. Sorry, other people are writing it, we don't even  
8 know who. So I tried, and I would have liked to have been  
9 involved in the development.

10 In addition, I did send staff to some of the other  
11 hearings and they did try to speak, but were told, no, go to  
12 Fresno which, you know, is kind of far for Santa Cruz and  
13 Santa Barbara. So I think the process could have been  
14 better.

15 But where do we go from here? I would agree that  
16 there are definitely -- we've been talking amongst  
17 ourselves, as sort of this process goes forward, as to  
18 different things that you might be able to do to make things  
19 more efficient, we all would like more efficiency.

20 I know the Water Board, for example, is having a  
21 meeting next Wednesday, among different stakeholders, to try  
22 to flesh out some of these issues.

23 If we put time frames and constraints around the  
24 process, there are a lot of ways that we can get some of the  
25 stakeholders together to identify what the problems are. We

1 know what they are. And to identify alternatives that will  
2 solve those without throwing the baby out with the bath  
3 water.

4 COMMISSION CO-CHAIRPERSON KOZBERG: You know, if  
5 you have additional ideas, I would encourage you to submit  
6 them in writing, to us, because we'll ensure that they are  
7 shared around, and that I know that there are many agencies  
8 that are doing their own work, and we are one aspect.

9 PANEL MEMBER SHEEHAN: We'll be doing that.

10 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
11 Pat.

12 COMMISSIONER DANDO: Yes, I hesitate to go back to  
13 this, because it's been questioned so much, but being a  
14 local official I'm very interested in the recommendation of  
15 doing away with the regional boards.

16 And Dr. Gold, I wanted to ask you, you mentioned  
17 three fairly serious debacles that have occurred in your  
18 area, I'm sure there are many more that you could talk  
19 about. You also mentioned that you've appeared before the  
20 regional boards 116 times this last --

21 PANEL MEMBER GOLD: No, over a hundred times.

22 COMMISSIONER DANDO: Oh, over a hundred times. So  
23 having said all of that, I'm just curious as to do you think  
24 it works? And with all of the issues that you've raised, it  
25 would seem to me like that you may have some recommendations

1 on changes, rather than the number of oppositions that you  
2 raised to the changes.

3 So I wanted to give you the chance, if you have  
4 ways of improving it, I'd like to hear those. Because  
5 clearly, what you've said, it doesn't appear to me that it  
6 works.

7 PANEL MEMBER GOLD: Well, it does make me feel a  
8 little bit sheepish, because the recommendations, of course,  
9 you know, I don't know how many people know the L.A. region,  
10 those are actually positive examples of what had occurred,  
11 showing in those cases that they had multiple hearings,  
12 multiple workshops and really, and numerous times tried to  
13 hire facilitators to try to deal with these sorts of issues.  
14 So it shows that --

15 COMMISSIONER DANDO: But shouldn't those things  
16 happen in a proactive way? I mean, don't we spend --

17 PANEL MEMBER GOLD: Well, they happened because  
18 the public showed up to meetings and that their concerns  
19 were expressed so loudly, so clearly, so passionately that  
20 the regional board ended up providing those extra things.

21 COMMISSIONER DANDO: I understand that. But I'm  
22 saying, if the regional board works, why doesn't it work in  
23 a more proactive manner, especially in areas that are that  
24 serious and seem like --

25 PANEL MEMBER GOLD: Well, let me go to the second

1 part of the question, which was what recommendations could  
2 be made? And I'm sorry, in five minutes, when you spend  
3 your whole career on these issues, it's pretty hard to  
4 distill it.

5 And so, as Linda has said, I think the Water  
6 Quality Committee is coordinating right now, and by the end  
7 of this comment period we're going to have some consensus  
8 recommendations on how to enhance some of the inefficiency  
9 issues. Because there's no doubt, if you were to talk to  
10 any stakeholder, anyone who appears before the Board on a  
11 regular basis, they would say the two biggest issues are  
12 inconsistency from region to region, and also the lack of  
13 certainty on knowing when a clean-up is completed, or what  
14 water quality standards need to be met, especially in non-  
15 point source pollution situations, which is sort of a newer  
16 focus within the State.

17 So it's really certainty and consistency that  
18 really needs to be tackled, more than anything else.

19 Accountability can absolutely occur along the way  
20 and there's many ways to deal with that, and we'll be glad  
21 to make recommendations by the end of the comment period, on  
22 that.

23 COMMISSIONER DANDO: I look forward to seeing your  
24 recommendations.

25 PANEL MEMBER GOLD: You got it.

1 COMMISSION CO-CHAIRPERSON KOZBERG: Denise.

2 COMMISSIONER DUCHENY: Well, just one comment,  
3 then, from Ms. Sheehan's written testimony on this issue,  
4 that speaks to Ms. Dando's point, is this question of the  
5 boards, and particularly the State Water Resources Control  
6 Board being a point of appellate process which potentially  
7 heads off litigation between all of it, for all the problems  
8 with consistency.

9 I'm fascinated by the discussion between how do we  
10 get consistency and still have regional boards that address  
11 Mr. Robinson's flexibility issues, because I think that is  
12 an interesting dynamic, and it argues more to me for the  
13 local boards.

14 I was starting to think maybe, if you have a State  
15 Board, that maybe you didn't need all of the public members  
16 at the regional level. But actually, Mr. Robinson's  
17 argument argues, I think, more for that in terms of the  
18 watershed planning and some of those other things.

19 But I was fascinated, and maybe you can just  
20 mention it, because you didn't get a chance in your  
21 testimony, the comments with respect to the court cases, and  
22 lack thereof, versus the federal system which gets a lot of  
23 them.

24 PANEL MEMBER SHEEHAN: Yeah, thanks. I timed my  
25 remarks and the five minutes seemed to go slowly, but I

1 apologize not getting to that. But it is an important  
2 point, thank you for raising it.

3 The State Water Board, in its 34-year history, has  
4 made at least 100,000 adjudicative decisions, and of those  
5 only 40 have gone to the appellate courts.

6 It's because of the winnowing process, where you  
7 start at the local level, feel that you're heard, move up to  
8 the State Board, if you have to, with some sort of a  
9 petition that will potentially go to superior court, et  
10 cetera. You really winnow out a lot of cases.

11 And in some cases, you know, and cases that I've  
12 been involved in, you know, I haven't gotten everything I  
13 wanted, I've been disappointed. But I thought, well, I felt  
14 heard, I felt like they made a decision and this isn't worth  
15 going to court over, I really think that they're trying.

16 And so that system works to save a lot of money on  
17 litigation, and the written testimony goes into some of  
18 that.

19 I work at the federal level, as well, we're a  
20 federal group, and I see how EPA works all the time. And  
21 because there isn't that public buy-in or the transparency  
22 process, you just get far, far more litigation, which is  
23 very expensive, and was not addressed in terms of the costs,  
24 in the report.

25 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you. We

1 do look forward to any additional thoughts that you have,  
2 and getting them to us, and thank you very much.

3 We're going to be adjourned for lunch, for 45  
4 minutes.

5 (Thereupon, the luncheon recess was  
6 held.)

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## 1 A F T E R N O O N S E S S I O N

2 COMMISSION CO-CHAIRPERSON HAUCK: All right,  
3 ladies and gentlemen, we're going to get started with the  
4 afternoon session. If I could ask you to cease and desist,  
5 or if you must continue, to take it out in the lobby,  
6 please.

7 We're going to continue with the Panel on  
8 Regulations and Environmental Protection. As usual, we will  
9 let the Panelists introduce themselves, say a little bit  
10 about the organization, or who they're with.

11 I think we'll start with Senator Florez and then  
12 we can just proceed right down the table. So Senator,  
13 you're on.

14 PANEL MEMBER FLOREZ: Thank you, Mr. Chairman.  
15 And let me say, I'm with the organization that is extremely  
16 interested in this report, and particularly the  
17 recommendations that are inside.

18 I can tell you that we are anxious, and I can  
19 speak for probably Senator Ducheny, and others, that as we  
20 get back to session and, hopefully, even before that, to  
21 pour through these recommendations from a policy  
22 perspective, as a well as budgetary perspective, to see what  
23 really pans out not only from a policy perspective, but what  
24 we can pay for, as well.

25 So first, let me say thank you for coming to



1 Fresno, we very much appreciate the Performance Review  
2 Committee traveling the State and listening to average  
3 citizens, and a few legislators talk about what's important  
4 in terms of the recommendations that you've put forth.

5 I'd like to, rather than go piece by piece of what  
6 I like and don't like about the recommendations, say that my  
7 overall concern, at least for today's issue, is that I do  
8 not believe at this point in time the CPR has provided  
9 sufficient evidence that the State needs to eliminate the  
10 California Air Resources Board.

11 As you know, the Air Resources Board has been a  
12 bipartisan air regulatory agency, with a very strong  
13 commitment to public health and science that has never  
14 wavered.

15 Most importantly, from a legislative perspective,  
16 I can tell you that the Air Resources Board has been  
17 fundamentally pushing us, as policy makers, to continue on  
18 the issues of vehicles and air pollution from those  
19 vehicles, promoting hybrid vehicles, controlling air  
20 polluted emissions from vehicles and gross polluters.

21 And CARB's analysis and regulations were  
22 instrumental, we believe, in driving a 90 percent  
23 improvement rate in conventional vehicles in the United  
24 States. So CARB is not only leading California, but also  
25 leading the nation in terms of pushing us towards better

1 standards.

2 We believe that CARB has greatly improved air  
3 quality in the most polluted city in America, and that is  
4 Los Angeles. It would be this Central Valley, if you took  
5 the eight-hour standard, but today we'll take the shorter  
6 standard.

7 L.A. exceeded, as you know, the U.S. standards for  
8 ozone pollution only 41 days in 1999, and that is down about  
9 80 percent from the late 1970s, where the region saw an  
10 excessive smog of about 200 days per year.

11 As you probably know, CARB's next battle is within  
12 the bills that were signed in terms of the Central Valley,  
13 the SB 700 series, in terms of trying to deal with the most  
14 polluted basins in the country, and you're sitting in one  
15 now, that is the Fresno, South San Joaquin Valley.

16 Let me also say that the elimination of CARB would  
17 not accomplish any significant objective, other than saving  
18 a few dollars, but there is an unsubstantial amount of money  
19 that we probably would lose. Just for example, we spend  
20 about \$3.5 billion associated with hospitalizations, and  
21 treatment of major and minor illnesses. A good portion of  
22 that is asthma related. And we lost about 2.8 million work  
23 days last year, in terms of illnesses related to air  
24 pollution exposure in California.

25 The technical and severe nature of the subject

1 matter requires an expert board, and that continued presence  
2 will help us in the further battle against air pollution.

3 Another alternative, from my perspective, is  
4 simply not acceptable.

5 One other key point I'd like to make in closing is  
6 simply that the recommendations seem to state that we are  
7 looking for more efficiency and more customer-oriented,  
8 project-driven recommendations. And although that's a very  
9 laudable goal for the DMV, the Franchise Tax Board, the  
10 Department of Corrections, et cetera, on air quality it is a  
11 very dangerous idea, because the issue of environmental  
12 agencies looking at efficiencies sometimes translates into  
13 cutting funding, reducing the public's role in environmental  
14 protection, and many times the customer-oriented reforms are  
15 simply made to weaken regulation for parties who want to  
16 pollute a little longer and a little more.

17 And I would hope that, as you review this, that  
18 you would look at what we mean by that particular term,  
19 customer-oriented, when it comes to environmental  
20 protection.

21 I can tell you that the customer isn't -- is not  
22 the industries that create pollution. The report seems to  
23 say that.

24 The customers, from my view, are the lungs of  
25 small children, of kids, and seniors in Fresno, who have the

1 highest incidence of asthma in the State, and the health of  
2 the elderly, who suffer from lung disease, from air  
3 pollution. Those are the customers, from my vantage point.

4 I hope this Board continues to look at the issues  
5 of efficiencies, but eliminating CARB, the California Air  
6 Resources Board, is not the way to do it.

7 Thank you very much.

8 COMMISSION CO-CHAIRPERSON HAUCK: Thanks. Eric.

9 PANEL MEMBER HERBERT: Thank you. Eric Herbert,  
10 Vice President and Chief Operating Officer for Burrtec Waste  
11 Industries.

12 I appreciate the opportunity to participate in  
13 this important process and believe that its success will  
14 require a dialogue of citizens, business and government.

15 I'm here representing my company, Burrtec Waste  
16 Industries, as well as the California Refuse Removal  
17 Council.

18 I'm enthusiastic about the CPR effort and I  
19 support the CPR goals of building a new framework for State  
20 government that will be more accessible, accountable,  
21 efficient, and effective.

22 My own personal background, and that of Burrtec is  
23 that Burrtec is a privately held, solid waste recycling  
24 company, providing collection, processing, transfer and  
25 landfill services to over a million people in the State of

1 California, through 26 communities, employing over a  
2 thousand Californians.

3 I'm also a member of the California Refuge Removal  
4 Council and it's State Executive Committee. CRRC's  
5 membership includes the majority of solid waste and  
6 recycling companies in the State.

7 Burrtec and CRRC members collect, haul, process,  
8 recycle, and dispose of waste. We are the companies that  
9 show up each day and make these complicated regulations work  
10 in an extremely competitive industry. We're also a highly  
11 regulated industry. Besides the departments of city and  
12 county governments, we also have the California Integrated  
13 Waste Management Board, the Air Resources Board, and their  
14 local districts, the Water Quality Control Boards, CTSC,  
15 Department of Conservation, and others, all overseeing parts  
16 of our businesses.

17 We have invested billions of dollars in  
18 infrastructure in achieving the State's waste diversion  
19 goals under AB 939, while delivering a valuable, relatively  
20 low cost service to California. We are truly proud of our  
21 accomplishments.

22 When we look at the recommendations of the  
23 Resource Conservation and Environmental Protection section  
24 of the CPR report, there are 13 that touch on our industry.  
25 I am in support of recommendations 1, 7, 10, 15, 18, 19, 22,

1 25, 26, and 27. While I may have some comments on many of  
2 these recommendations, I will limit my testimony, today, to  
3 four of the more important recommendations.

4 The first is the consolidation of the Waste Board  
5 into a new Department of Environmental Protection. This  
6 recommendation should provide for better regulatory  
7 oversight and enhanced communications and coordination,  
8 which I do support.

9 I do have concerns, however, over the  
10 implementation. In order for this Department to be  
11 effective, it is essential to maintain a structure that  
12 provides a forum for public input and participation.

13 The new Department must be accountable, but should  
14 also be participatory and not insular.

15 In addition, the Department should be efficient  
16 and effective, with a focus on results. I believe this can  
17 be accomplished.

18 From that standpoint, we recommend that the Expert  
19 Advisory Panel, that's mentioned in the report, reports  
20 directly to the Department Secretary and provides broad  
21 policy direction to the Department, and should include a  
22 diverse group of policy, scientific, industry, and  
23 environmental experts.

24 We also believe there should be an environmental  
25 hearing panel established that would involve experts for the

1 different divisions in any department, for instance, Water  
2 Quality, Recycling, Waste Management, et cetera.

3 Specifically, I recommend that a Panel be  
4 established for each division and that the undersecretary be  
5 the chair. The purpose of these panels would be to act as  
6 an appellate body for enforcement actions, as well as to  
7 provide a forum during the development of regulations.

8 Further, I would recommend that the Governor  
9 appoint members of the public, with relevant expertise, to  
10 participate on the panels. In this way, the goal of  
11 accountability is achieved, but a viable public  
12 participation process is maintained.

13 Recommendation number 3 in the report, which is to  
14 consolidate waste management programs, I support this  
15 recommendation because the programs should be aligned by  
16 function. Similar and related activities should be brought  
17 together to identify duplication of roles. There is a great  
18 amount of overlap and redundancy between programs and we  
19 should eliminate those which are costly and confusing.

20 Recommendation number 23, the elimination of the  
21 Integrated Waste Management Board concurrence and solid  
22 waste facility permits.

23 I also support this recommendation because the  
24 current process is duplicative between the local and State  
25 levels.

1           The State could better use its resources by  
2 improving its oversight and training functions with the  
3 local enforcement agencies. Decisions affecting local  
4 communities should be made locally.

5           Recommendation number 32, broaden the use of  
6 environmental fee collections to address unmet needs. I'm  
7 very concerned about this recommendation in that fees  
8 collected for recycling and solid waste management could be  
9 broadened into unrelated areas.

10          I agree that some fees are collected for programs  
11 that are not spent wisely and some programs lack a funding  
12 source. Those should be correct.

13          Our businesses already pay significant fees. The  
14 State should not increase fees to cover unrelated  
15 regulations or eliminate the nexus between fees and  
16 programs.

17          In conclusion, I'd like to say that I appreciate  
18 being able to participate in this process. As others have  
19 said before me, this is a very ambitious undertaking and we,  
20 in the industry, are encouraged that you're moving in the  
21 right direction.

22          I look forward to continuing working with the CPR  
23 Commission and the CPR staff. I'll be happy to answer any  
24 questions. Thank you.

25          COMMISSION CO-CHAIRPERSON HAUCK: Thanks, Eric.



1 Jim.

2 PANEL MEMBER MC KELVEY: Mr. Chairman,  
3 Commissioners, I'm Jim McKelvey, a land use attorney in  
4 Fresno, speaking today on behalf of the California Building  
5 Industry Association, the homebuilders in this State.

6 In my former life I was the City Attorney in  
7 Fresno, so I've worked both sides of the street.

8 The homebuilding industry strongly supports the  
9 CPR report, the direction you're taking, and appreciates the  
10 effort you're all committed to, to streamline government.

11 At that point I'm going to depart, if I may, from  
12 my prepared text. It's before you and, if you're  
13 interested, you can read it at your leisure.

14 The industry supports where you're going, the  
15 industry supports streamlined government, but we would ask  
16 you to go a step further. We have a few minor concerns, and  
17 they're detailed in the report. We want to be sure, for  
18 instance, as you consolidate government that you preserve  
19 due process, the right to a hearing, an appellate body, the  
20 usual legal stuff, but that's all in the written papers.

21 I want to, today, share a few stories with you.  
22 The cost of housing in the Central Valley has risen over 70  
23 percent in the last two years, that's a very real concern to  
24 us, as an industry, to us as a consumer, as residents in  
25 this community.

1           What caused that increase?

2           We would ask you, when you do streamline  
3 government, and create focused agencies, that you would go a  
4 step further and ask those agencies to look at consolidate,  
5 and focus the laws that they regulate and implement. That's  
6 where we find a lot of the problems that are driving up the  
7 cost of housing in this State.

8           A few examples. Fort Ord was commissioned ten  
9 years ago and turned over to local government for  
10 development, given to the neighboring cities and  
11 jurisdictions. I put together a group of home builders from  
12 Fresno, who were awarded the right to develop that portion  
13 of Fort Ord that was conveyed to the City of Marina. Ten  
14 years we were awarded that right and we spent ten years  
15 trying to develop that property. Not with anything that  
16 would offend anyone, we proposed a ten-acre site for a hotel  
17 and some timeshares, and 250 acres of golf course. We gave  
18 250 acres set aside for open space, habitat preservation,  
19 all on Monterey Bay. So we felt the project was very  
20 environmentally sensitive, it preserved hundreds and  
21 hundreds of acres of open space in perpetuity, and only a  
22 small human intrusion into that pristine area.

23           The project hasn't started yet. It was subject to  
24 regulation by 17 different governmental agencies, two-thirds  
25 of which were State, the rest were federal. We began a

1 series of years of meetings resulting, finally, in approval  
2 by the State Department of Toxic Substances Control for the  
3 release of the property for development under the Wilson  
4 Administration.

5 Environmentalists filed a lawsuit. The lawsuit  
6 was resolved, additional detection work was done to make  
7 sure the property was clean. It was then returned to the  
8 DTSC director under the new administration, who denied the  
9 more -- even though that department had already approved the  
10 clearance of the property, the initial environmental  
11 clearance, the new Gray Davis director refused to clear it  
12 even under the more severe environmental testing and  
13 clearance which had been done since, all at a cost of over  
14 \$5 million in taxpayer dollars.

15 Then followed encounters with water agencies, and  
16 air quality agencies, et cetera, et cetera. We finally  
17 walked away from the project, it sits there vacant today,  
18 and the city has lost over a million dollars a year in room  
19 tax revenue. A very environmentally depressed city because  
20 its biggest economic generator disappeared when the army  
21 went away. Nothing has been done with the property, yet.

22 Similar experience, four lawsuits were filed in  
23 this State to stop housing, in which I was involved. In  
24 each instance, in North Hollywood, in Long Beach, in Marin  
25 County, in each case the courts upheld the action, approving

1 the projects, no improvement of the environment resulted and  
2 the suits were dismissed, but the projects were delayed one  
3 and a half, two and a half, and four and a half years,  
4 respectively, because of environmental challenges.

5 I represented a company that expanded a beef  
6 packing plant here, processes a thousand carcasses, a  
7 thousand beef per day. That company discharged its waste  
8 stream, it has to, under high pressure, clean the cutting  
9 floor every hour, on the hour, day and night, to keep it  
10 clean for environmental purposes.

11 The discharge went to the neighbors for 60 years  
12 and was used to grow grapes, and the neighbors loved free  
13 water, high in organic content.

14 The State Department of Ag. stopped us, then it  
15 became the Water Quality Control said we had to hold that on  
16 site, that we couldn't let it percolate, because we might  
17 impact the water table, so we had to put a concrete liner  
18 under the ponds. Air Quality said stop that because it will  
19 evaporate and pollute the air, so we had to cover the ponds  
20 that were concrete lined. So now, we had no place to put it  
21 but the sewer. The State stopped us, said we were  
22 unbalancing the organic process in the sewer plant. So now  
23 we think we've found somebody who can turn that waste into  
24 methanol.

25 The point is, 18 years that process has been

1 stopped because of all these overlying regulations and laws.  
2 We would ask you, please, to not only focus government, but  
3 to focus the laws that that government implement. Thank  
4 you.

5 COMMISSION CO-CHAIRPERSON HAUCK: Thank you.

6 Ann.

7 PANEL MEMBER NOTTHOFF: Good afternoon. My name's  
8 Ann Notthoff, I'm the California Advocacy Director for the  
9 Natural Resources Defense Council. We represent over a  
10 million members and activists nationwide, 300,000 of whom  
11 are here, in California.

12 I would just say that if one of your goals was to  
13 solicit a broad range of views today, you've already  
14 achieved that.

15 I want to suggest that this Panel, when it comes  
16 to evaluating any recommendations that CPR has proposed,  
17 evaluate those based on one simple question, do they improve  
18 the State's ability to protect our public health and  
19 environment?

20 Now, in our review, we believe that many of them  
21 do not and we urge you to shelve those recommendations. But  
22 we do believe that there are others that merit  
23 consideration, and I believe that my colleague, at the  
24 Sierra Club, will identify some of those that we think we'd  
25 like to move forward with.

1           But I would urge you to listen to Senator  
2 Poochigian's introduction, in that he said that these aren't  
3 a package deal, let's look at these on a case-by-case basis,  
4 and see which ones merit going forward with and which ones  
5 should stop here.

6           I want to echo concerns that the public really  
7 does need more time to digest and evaluate the voluminous  
8 recommendations here.

9           From as far as statewide organizations go, I was  
10 observing that, you know, these recommendations came out the  
11 last month of the legislative session, and many State  
12 environmental groups, that focus at the statewide level, are  
13 only being able to turn their attention to those now that  
14 that busy time has passed.

15           NRDC will provide written comments by the  
16 September 30th deadline, but we urge you to extend the  
17 written deadline for the many community and grass roots  
18 groups that are now struggling to digest this and respond to  
19 it.

20           I think that the first principle should also be do  
21 no harm, and we believe that these recommendations should  
22 improve California's ability to protect the environment.

23           Recently, the Public Policy Institute found that  
24 Californians trust State government, more than they trust  
25 the federal government, to protect their land, air, and

1 water. Why do they support Californians -- or trust the  
2 California government? Well, many of the California  
3 processes are closer to the people and they've had more  
4 direct experience.

5 Also, the independent structure of the boards and  
6 commissions that we're talking about here, today, have  
7 provided a more balanced approach to protecting our land,  
8 air, and water. These boards and commissions, because of  
9 their independence, the fact that they have staggered terms,  
10 they have balanced appointing structures, so that these  
11 boards have been able to provide a level of stability in our  
12 environmental management that is in stark contrast to the  
13 federal level.

14 The stability and expertise that carries on from  
15 one Administration to another has allowed California to  
16 develop the world class, cutting edge environmental programs  
17 that we have.

18 So I don't think that we should confuse -- I do  
19 not believe that we're confusing accountability with  
20 accessibility, we're focusing on stability and consistency,  
21 and the fact that these boards and commissions have been  
22 able to be buffeted, somewhat, from partisan politics and  
23 from one governor to the next. So accountability is  
24 important, but so is stability and consistency.

25 As far as the public input is concerned, we think

1 that the sheer volume of this undertaking does argue for  
2 organization and we appreciate the Commission's efforts to  
3 get around the State and listen to folks.

4 But as you know, this is a huge, very multifaceted  
5 State, and we urge you to allow more input.

6 I want to just give an example that, you know,  
7 there's one example of a community concern is the folks in  
8 Los Angeles, who worked for years to establish the Baldwin  
9 Hills Conservancy, and they were very disturbed to see the  
10 recommendations to devolve that Conservancy. Yet, when they  
11 went to Los Angeles to express their concern, they were told  
12 they had to drive to Fresno. So just in terms of --

13 COMMISSION CO-CHAIRPERSON HAUCK: No, that's not  
14 true.

15 PANEL MEMBER NOTTHOFF: Okay. So I do think that  
16 in terms of the conservancies that, you know, there needs to  
17 be greater thought as to why is Tahoe and the Santa Monica  
18 Mountains of statewide concern, when the San Joaquin River  
19 and Baldwin Hills are not.

20 So I do want to urge you to make sure that we  
21 involve everyone, because without that kind of buy-in and  
22 consultation, I think that will set back meaningful reform,  
23 rather than advance it.

24 I wanted to point out that we can't talk about all  
25 these boards as the same, some of them are structured very



1 differently, or at-pleasure appointments.

2           And then the last thing I wanted to mention is  
3 that environmental programs are already some of the leanest  
4 in State government. They often are the first to be cut and  
5 the last to be funded. Many of them are fee based, and so  
6 they represent a very small percentage of the overall  
7 General Fund allocation in the State budget, much less than  
8 two percent.

9           So we would urge you to look at these carefully,  
10 don't make false economies, and we don't need to fix what  
11 ain't broken. Thank you.

12           COMMISSION CO-CHAIRPERSON HAUCK: Karen.

13           PANEL MEMBER ROSS: Thank you for this opportunity  
14 to present comments. My name is Karen Ross and I'm  
15 President of the California Association of Winegrape  
16 Growers.

17           Winegrapes are grown by 4,800 farmers in 47 of  
18 California's 58 counties. We were established 30 years ago  
19 to be an advocate for those growers on State, national, and  
20 international issues.

21           We fullheartedly support and commend the Governor  
22 for his vision and his leadership to invite Californians to  
23 assess how government should do business in the 21st  
24 century, and how government interfaces with the citizens of  
25 this State.

1           An overarching policy question that we would like  
2   to put before your Commission, today, is the need for the  
3   Department of Food and Agriculture, CDFA, to be involved in  
4   all policy matters and development of regulations as they  
5   affect farming and ranching.

6           Past Secretaries and CDFA staff have been  
7   important voices over the years in discussions ranging from  
8   pesticide regulation to non-point source controls. The  
9   CALFED process updates on the State Water Plan, and  
10   deliberations regarding State land use planning policy and  
11   CEQA guidelines.

12          The CPR document clearly recognizes the  
13   effectiveness of CDFA, as was cited earlier this morning,  
14   with the opening comments.

15          We respectfully urge that the Department's role on  
16   behalf of agriculture, its natural resources, its economic  
17   contributions, and the people in the communities that  
18   agriculture serves continues to be woven into the very  
19   fabric of a reorganized State government, and we applaud the  
20   recommendation that CDFA continue to be a cabinet level  
21   agency.

22          As a member of the State Board of Food and  
23   Agriculture, I will be submitting a resolution that was  
24   passed at our meeting, yesterday, that spells out some very  
25   specific ways that we believe the Department can contribute

1 to the future of a very healthy California and an effective  
2 State government.

3 With regard to government organization, our  
4 association definitely supports the concept of the  
5 Department of Environmental Protection, as proposed as a  
6 successor to CalEPA, but we do have several concerns which  
7 will echo some that you've already heard today.

8 We do not support the elimination of the 11-member  
9 Air Resources Board. That Board allows the public to  
10 provide input and have direct access into the decision  
11 makers, who are political appointees.

12 An Ad Hoc Committee, created at the pleasure of  
13 the Secretary of EPA is not adequate and it would put too  
14 much authority into the administrative level of this new  
15 agency.

16 We do not support the elimination of the State  
17 Water Resources Control Board, although we do not yet have a  
18 final decision on the proposed elimination of the regional  
19 boards.

20 Our members, who farm in multiple regions in this  
21 State, have had mixed experiences with the regional  
22 structure. Despite previous attempts, in the Wilson  
23 Administration, to achieve consistency between the regions,  
24 our growers often find conflicting, confusing, time  
25 consuming and expensive differences.

1           We often have had to seek clarification from the  
2 State Board, and its jurisdiction, as constituted now, with  
3 water rights and water quality, gives it the span of  
4 jurisdiction to fashion solutions that take both into  
5 account.

6           Given the need of farmers and ranchers to  
7 integrate both requirements into their practices, we believe  
8 that an integrated span of jurisdiction is preferable.

9           With regard to several of the specific resource  
10 recommendations, we support number one, but limiting the  
11 creation of an Office of Regulatory and Compliance  
12 Assistance to simply responding to public inquiries about  
13 those environmental regulations is not adequate, and I think  
14 only achieves a part of the mission of what this process is  
15 for.

16           I think it was earlier today that Commissioner  
17 Whiteside asked "can't we have an office of Solomon?" And  
18 this office could be that if, in fact, it's given the  
19 authority and has the resources available to help resolve  
20 some of the differences and conflicts that we often find in  
21 our regulatory process.

22           If it has that authority to consolidate or  
23 streamline programs into a single process it can, in fact,  
24 help achieve the goal of business expansion and  
25 environmental protection.

1           The risk-based, multimedia inspection protocol  
2 proposed, in resource recommendation number 18, is exactly  
3 the kind of work that could be accomplished by this Office  
4 and we support this recommendation.

5           At its heart, it is a coordinated approach to  
6 environmental compliance, based upon relative risk. It is  
7 important to understand what the impact is on small business  
8 and farms for inspection reporting and with the related  
9 fees. And especially for our farmers, because of  
10 agricultural economics that do not have the ability to pass  
11 on the costs of environmental compliance costs to their  
12 customers.

13           Given the limitation on State resources and the  
14 need to avoid a rush to impose new fees on the private  
15 sector, that do not necessarily result in cost effective  
16 environmental benefits, we support the proposed coordinated  
17 enforcement, based on those that pose the greatest risk.

18           I have other comments that I would like to submit  
19 as part of the coalition of 32 agricultural organizations.  
20 They are our preliminary recommendations on the Resource  
21 Chapter, and we will be submitting comprehensive comments  
22 for the entire CPR document.

23           We want to thank you for your time and for your  
24 commitment to this process, and we look forward to working  
25 with you and all the other stakeholders involved. Thank

1 you.

2 COMMISSION CO-CHAIRPERSON HAUCK: Thank you.

3 Joe.

4 PANEL MEMBER SPARANO: Good afternoon. My name is  
5 Joe Sparano, I'm President of the Western States Petroleum  
6 Association, or WSPA. WSPA represents companies that  
7 conduct petroleum and petroleum products operations in  
8 California and five other western states.

9 Today, I'd like to focus on two of many  
10 Performance Review recommendations that we support. I also  
11 will suggest several more for you to consider.

12 WSPA feels that implementing these recommendations  
13 will help the State address one of our most pressing needs,  
14 and that is increasing energy supplies.

15 First, we support the Commission's recommendation  
16 to streamline the State's permit process and to reduce  
17 petroleum infrastructure bottlenecks. California gasoline  
18 demand has grown at about two to four times the rate of in-  
19 State production additions. We need to find ways to add  
20 more in-State production to meet growing demand.

21 State and local policies have, for years,  
22 discouraged gasoline production. In California, there are  
23 only 13 refineries that produce gasoline. No new refinery  
24 has been built here since 1969. Many smaller refineries  
25 closed because they could not make investments needed to

1 meet new State fuel regulations.

2           The California Energy Commission, or CEC, also  
3 reports the State's petroleum infrastructure is under-sized  
4 and needs upgrading to meet future energy supply  
5 requirements. Whether it's refining capacity, pipelines,  
6 ports, or terminals, we need to remove permitting  
7 constraints and barriers to expanding capacity and improving  
8 reliability.

9           Several areas need immediate attention, including  
10 unnecessary throughput limits on refinery equipment in  
11 ports, duplicative environmental compliance reviews and  
12 permit delays.

13           We recommend a facilitator for energy  
14 infrastructure projects. This individual would collect best  
15 permitting practices from local governments and air quality  
16 districts, and encourage or even require agencies to adopt  
17 these practices. Project proponents could also request this  
18 individual's intervention when counter productive regulatory  
19 requirements endanger a project.

20           WSPA also supports the CPR's recommendation to  
21 streamline the San Francisco Bay Conservation and  
22 Development Commission's permitting functions for  
23 maintenance dredging. We're concerned about delays in  
24 receiving approval of routine dock maintenance dredging  
25 permits at the Bay Area's five refineries.

1           It has taken up to nine months, working with BCDC  
2 staff, to obtain routine dredging permits that should be  
3 completed in 30 days or less. Delays in issuing dredging  
4 permits can cause unnecessary delays for tankers carrying  
5 imports of crude oil and petroleum products, reducing the  
6 supply of petroleum fuels and adding costs.

7           Implementing CPR recommendations that streamline  
8 the maintenance dredging permit review process will help  
9 expand California's energy supplies.

10           This brings me to several areas not specifically  
11 addressed by the CPR recommendations. A year ago, the  
12 California Energy Commission produced their Integrated  
13 Energy Policy Report, or IEPR. The IEPR proposed a 15  
14 percent reduction in the demand for gasoline and diesel fuel  
15 from 2003 actual use through the year 2020, or by the year  
16 2020.

17           Our companies believe this type of goal  
18 contradicts other State goals to upgrade and expand in-State  
19 infrastructure to ensure sufficient energy supplies.

20           We also believe that the demand reduction goal  
21 works against an Administration objective, to stimulate  
22 California's economic growth by encouraging investments.

23           Companies may want to build economically viable  
24 California energy projects, but the demand reduction policy  
25 will almost certainly discourage additional investments that



1 produce more clean burning fuels, resulting in less, not  
2 more, energy supplies.

3 Storm water quality also needs attention.

4 Regulation and control of storm water has environmental  
5 implications and economic impacts on local governments,  
6 businesses and the State. Policies are being developed,  
7 now, on an ad hoc, permit-by-permit basis. We believe the  
8 State Water Resources Control Board, or its successor,  
9 should be required to develop a statewide storm water  
10 policy. This would make for consistent cost-effective storm  
11 water controls and water quality improvements.

12 I also want to mention fuel neutrality. There are  
13 many legislative and regulatory initiatives in this State  
14 that continue to select what the winning transportation fuel  
15 should be. WSPA is not opposed to the use of alternative  
16 fuels. In fact, our companies are leading the market  
17 forward in the development and use of new fuel technologies  
18 and fuels. We are simply opposed to government intrusion  
19 into the marketplace. California should use a fuel neutral  
20 approach.

21 In closing, let me assure you that our industry is  
22 committed to working with you to address California's energy  
23 challenges. However, there needs to be a fair balance  
24 between delivering increased levels of energy and  
25 maintaining environmental quality.

1           WSPA believes that regulatory forums should be  
2 implemented without sacrificing environmental standards or  
3 diminishing community control over land use decisions.

4           Our industry has met the challenge of reliably and  
5 affordably supplying customers with energy products, while  
6 contributing to California's dramatically improved air  
7 quality.

8           We can continue supplying California's energy  
9 needs, but constructive collaboration with the public sector  
10 is needed. Either we win or we lose together, and I believe  
11 it really is that simple. Thank you.

12           COMMISSION CO-CHAIRPERSON HAUCK: Okay, Joe, thank  
13 you.

14           Okay, Bill, you get the last word.

15           PANEL MEMBER ALLAYAUD: Thank you very much for  
16 this opportunity. I am Bill Allayaud, I'm the State  
17 Director for Sierra Club California, and we represent our 13  
18 chapters in California, in Sacramento, before the Governor,  
19 the Legislature, and the agencies.

20           We, along with many other environmental groups,  
21 will submit our comments on September 30th, if we can. We  
22 hope there is an extension because, as Ms. Notthoff pointed  
23 out, the time restrictions have been severe.

24           And I appreciate the effort that went into  
25 preparing the report. The more I read of it, the more I see

1 that the team who put it together was obviously sincere and  
2 dedicated in their effort.

3           Though I think there is important themes in this  
4 report that are disturbing and I want to comment on.

5           We don't have anything against saying we need to  
6 be more efficient, but it seems like -- and the  
7 recommendation which I will address, specifically, as you  
8 can say, we will support them because they are efficient and  
9 will help make the environment cleaner, have cleaner air,  
10 water and land.

11           But it seems like a key point, missed by CPR, as  
12 Senator Florez pointed out, the customer seems to be the  
13 permittee or the polluter, in this case, and that there's a  
14 real bias towards that.

15           If we're going to save money by reorganizations,  
16 we think the highest priority for that saved money should be  
17 putting it back into these agencies, because they're already  
18 under-staffed.

19           One example is inspection of dairy farms in the  
20 Central Valley. I believe the last number I heard, there  
21 were two personnel assigned to inspect all the dairy farms  
22 in the Central Valley, that's from Redding through  
23 Bakersfield. Obviously, way inadequate because this is an  
24 exploding industry, with potentially severe air and water  
25 pollution problems.

1           And the CPR's focus is on this permittee as the  
2 customer, and we think it should be on the public. When  
3 Governor Wilson did his reorganization plan number one, in  
4 '92, one of their key primary reasons for creating CalEPA  
5 was the regulatory decision making process must be opened,  
6 as far as possible, to the public as a whole.

7           And we find that the wholesale elimination of  
8 these boards and commissions to protect our environment is  
9 counter to that whole concept.

10           Obviously, ARB has been mentioned by a number of  
11 people, we find the State Lands Commission, the Water  
12 Boards, and a host of others that should not be eliminated  
13 because of the ability to have a public interface.

14           Furthermore, we think the rationale and analysis  
15 to eliminate these boards is severely lacking. It's almost  
16 an insult to the work done by these agencies and boards over  
17 the years basically to say, the work can be done by someone  
18 else.

19           And as Linda Sheehan pointed out, in the first  
20 Panel, this would more closely follow the federal model,  
21 which will definitely lead to more litigation, something  
22 that I don't think business wants, environmental groups, who  
23 can barely afford it, want, the public doesn't need.

24           So to follow that federal model of executive  
25 orders and having people go through this regulatory process

1 in-house, I think is very dangerous.

2 We think the CPR should reemphasize that customer  
3 service is first and foremost, and serving the average  
4 citizen. And an examination of environmental protection  
5 laws will indicate that the thrust of these statutes is to  
6 protect public health and our natural resources, not to  
7 ensure low overhead for polluting industries.

8 Now, on to some specific recommendations in CPR,  
9 and as Ms. Notthoff pointed out, the Sierra Club, and I  
10 think the environmental groups will support some of these.

11 And I wanted to add, your Commissioner asked, were  
12 we allowed to have input into this process? The Sierra Club  
13 and, I believe, three other environmental groups were  
14 invited by CPR's staff in April of this year to participate,  
15 and it was a two-hour session. We made a number of  
16 recommendations to the staff. Some of those do appear in  
17 the report. But after that we were forgotten, we weren't  
18 asked about anything else, or nothing else was bounced off  
19 of us.

20 The press keeps asking, we heard Chevron and other  
21 industries had full access, ongoing. I can't answer to  
22 that, but I do know that we weren't asked anything after  
23 April. Certainly not, well, we've come up with some  
24 preliminary recommendations, what do you think? It was  
25 silence after that April meeting.

1           But we find, like for example, the recommendation  
2 RES 01, a single point of contact at CalEPA's a good idea.  
3 But before you read these in our written testimony, oh, the  
4 Sierra Club supports all of these, there's a lot of provisos  
5 in these, too.

6           Like in that one, the single point of contact is  
7 good but, again, it seems to be directed towards permittees.  
8 We think it should be for the other customer, the primary  
9 customer, because that's the public that the State of  
10 California agencies serve.

11           How will this organization put people first, not  
12 just the polluters or industries that have to come in for  
13 permits.

14           Another one, not in the resource section, but in  
15 Infrastructure 31, we oppose the recommendation to take  
16 approval of school site clean ups away from CalEPA and move  
17 it to the State and Consumer Services Agency.

18           More highlights, we think the consolidation of the  
19 waste programs is a good idea. There's a lot of efficiency  
20 there, and that is something we talked to the CPR staff  
21 about in April, and we're glad to see it in there.

22           The consolidation of the Pollution Prevention  
23 Programs, that RES 04, is another very good idea. However,  
24 we believe the Pollution Prevention Programs should be put  
25 in a separate division from waste management. There's a

1 clear separation of responsibility there.

2 We support the transfer of structural pest control  
3 functions to DPR, but we feel like the Structural Pest  
4 Control Board should not be eliminated and that function  
5 should be moved over there, so that a similar board is  
6 created over at DPR.

7 In RES 07, we support reducing overhead costs.  
8 Who wouldn't? But it's important that substantive  
9 functions, like legal counsel, remain separate. The Water  
10 Board, the Air Board, all need their own separate counsels  
11 in order to function properly.

12 I'll stop there. We have some more we support.  
13 Again, the portions we support, but if you read our comments  
14 you'll find those, I think, enlightening. Thank you.

15 COMMISSION CO-CHAIRPERSON HAUCK: Okay, thanks.  
16 Questions? Joel.

17 COMMISSIONER FOX: I'd like to hear a little  
18 further discussion on the fee issue, which has been touched  
19 upon, either in the documents or even in the testimony.  
20 Because we heard about underfunding from a few of those who  
21 are testifying, underfunding some of these agencies. And  
22 CPR, itself, offers fees to broaden the fees for  
23 environmental purposes. But we also hear the business  
24 concerns on adding to costs. I think the housing issue  
25 would be one that we could talk about.

1           And then there's the question of the regulatory  
2 agencies and their power to levy fees, and going back to our  
3 discussion this morning of actually who are they accountable  
4 to, if they have that power.

5           So I'd like to hear a further discussion of the  
6 fee issue. Joe, if you don't mind, I'll start with you and  
7 anyone else can jump in, because you had a long piece, that  
8 you didn't testify to, but it's in your paper, about the  
9 issue of fees. So could you jump in on that?

10          PANEL MEMBER SPARANO: Yeah, I'll try to keep it  
11 straightforward and short. Our industry, and I think many  
12 industries, are concerned that there are fees that appear,  
13 that are really taxes, but they don't have to sustain the  
14 two-thirds vote. And some of the things we have seen, and I  
15 can give specific examples, but I'll try to avoid it, so I  
16 don't malign a program that someone may feel good about.

17          But there are examples of fees that have no nexus  
18 to the program that they're tied to, none. They're not even  
19 used to support the children, or adults, or animals, or  
20 whatever they're purported to be supporting, and whatever  
21 the situation may be. And that's our major concern, just  
22 summarized in a couple of sentences.

23          Fees, for the sake of fees, aren't bad. It's fees  
24 that might otherwise be taxes and didn't have to sustain the  
25 vote, or fees that simply have no nexus to what they're



1 supposed to help.

2 COMMISSIONER FOX: Anybody else?

3 PANEL MEMBER ROSS: If I could just echo that.

4 It's a very important issue for agriculture, and I ran out  
5 of time to address it, but there must be a direct link for  
6 what is being assessed and what it's going to be used for.

7 And that's a critical test for us, so we'll just urge  
8 extreme caution and not making an open-ended broadening of  
9 fees without that kind of nexus.

10 COMMISSIONER FOX: Ann, you want to speak to it?

11 PANEL MEMBER NOTTHOFF: I think what they're  
12 referring to is the Sinclair Decision, which required a  
13 specific nexus between the fee being assessed and the  
14 purpose for the fee.

15 Now, I think in the environmental area there are  
16 many opportunities to promote good corporate stewardship, at  
17 the same time as using fees in a broader context. We  
18 support that exploration by the CPR.

19 In the last couple of years there have been a  
20 number of new programs in the air and water field that have  
21 been able to help offset some of the costs of those programs  
22 and, at the same time, promote better environmental  
23 performance on the part of industry.

24 PANEL MEMBER HERBERT: If I could also make a  
25 comment regarding that, because I did have that in prepared

1 remarks. We pay a lot of fees for a lot of different  
2 programs within the waste management and recycling area.  
3 One that touches everybody is the California redemption fee,  
4 when you buy bottles and cans. That money goes to the  
5 Department of Conservation and it's supposed to come back  
6 for various programs.

7 As recyclers, when we pick that material up at  
8 your curbside, and take it and process it, and put it back  
9 into the economic stream, we get a portion of that back.  
10 But there's a lot of money that stays in that Department of  
11 Conservation, that gets raided every so often, when budget  
12 problems are needing to be fixed and what not.

13 Our fear is that when you make a comment about  
14 addressing unmet needs, that all of the sudden all these  
15 fees really just become a new tax.

16 And under our industry, even though we're private  
17 companies, we really are pretty much of a rate-regulated  
18 utility, with our various franchises in the communities we  
19 work.

20 These costs have to be passed back to the  
21 ratepayers. So, you know, any of those fees that are  
22 increased have to make their way back into how much you pay  
23 for that trash service each month. So when you raise those  
24 fees, it goes right back to the consumer.

25 PANEL MEMBER ALLAYAUD: Polls consistently show

1 that Californians are willing to pay a little bit more for  
2 clean air and clean water. So if you want to pay three  
3 cents more per pound for your peaches, but you know you're  
4 not eating pesticides, consumers show consistently they  
5 support that.

6 COMMISSION CO-CHAIRPERSON HAUCK: Peter.

7 COMMISSIONER TAYLOR: Thank you, Mr. Chair.

8 A quick, clarifying question for Mr. Sparano, and  
9 then a question for Ms. Notthoff.

10 Mr. Sparano, in the written testimonies here, they  
11 say your opposition to recommendation number 22, on  
12 promoting smart growth through land recycling, is your  
13 opposition to the entire recommendation or really just that  
14 portion about how the fees are used and the funding source  
15 for the initiative?

16 PANEL MEMBER SPARANO: On number 22, there are  
17 elements of that, that we support. Some of our members are  
18 neutral on some of them, and let me just find the one,  
19 specifically, that you've referenced.

20 COMMISSIONER TAYLOR: Because it talks about the  
21 funding source, the clean-up fund, itself, underground  
22 storage tank fund.

23 PANEL MEMBER SPARANO: Yeah, underground storage  
24 tank funding I think we have lauded as one of the good  
25 things that has occurred and one of the well-managed

1 programs. And it's a concern over ensuring that that  
2 management stays intact.

3 COMMISSIONER TAYLOR: Okay, thank you, that helps.

4 Ms. Notthoff, you touched on conservancies, so let  
5 me just kind of flesh that out a little bit with you. As I  
6 read the recommendation on the various conservancies, I  
7 thought it was more of an effort to vest local folks with  
8 responsibility for what, in effect, are local open space  
9 programs, local parks programs.

10 The Baldwin Hills, which is the one near the  
11 community where I live, a wonderful project, everybody who  
12 learns about it seems to be enthused by it. But I looked at  
13 this as more kind of let's get the State out of kind of  
14 telling local governments or local folks what to do, rather,  
15 invest local people with the responsibility for making these  
16 things happen.

17 Do you not see it that way?

18 PANEL MEMBER NOTTHOFF: Well, I think the next  
19 panel is talking about conservation more specifically. But  
20 I do know that I've heard from people in the community that  
21 their concern is that the State support and funding for  
22 these programs, that were so critical in helping see them  
23 come to light, is threatened by this devolution  
24 recommendation.

25 So that's something that I heard earlier today

1 that Mr. Reynolds, you know, I think he was saying that,  
2 hey, maybe the money's not going away, but that's something  
3 that's not clear in these recommendations. And if, in fact,  
4 the continued State funding and support is going to be  
5 there, I think that should be clarified.

6 COMMISSIONER TAYLOR: Okay, thank you.

7 COMMISSION CO-CHAIRPERSON HAUCK: Jim McKelvey, I  
8 mean you gave us, both verbally and in writing, a series of,  
9 I'll call them horror stories.

10 Can you pin the cause of those stories to any one  
11 or two predominant factors or predominant bodies of law in  
12 California?

13 PANEL MEMBER MC KELVEY: I think you're all aware  
14 of the fact, for instance, that the California Environmental  
15 Quality Act is frequently used not to protect the  
16 environment, as was intended, but simply to stop projects by  
17 project opponents.

18 I represented a developer of a very high end  
19 housing project, on the bluff line in North Fresno,  
20 overlooking the San Joaquin River. For instance, the  
21 neighbors, a group of doctors, didn't want those people in  
22 their neighborhood. These were only \$750,000 houses and  
23 were looked down upon by the doctors. That's a very high  
24 quality house here. Maybe not in your jurisdiction, but  
25 here that's the high end of the housing market.

1           And the doctors filed a lawsuit with a Bay Area  
2 law firm. Not because of any concern over the environment,  
3 they simply wanted to stop the project. They wound up  
4 delaying it three and a half years.

5           The court upheld the project, found the lawsuit  
6 spurious, dismissed it, and not one environmental  
7 enhancement resulted from that effort.

8           I chronicled for you, a series of similar suits  
9 that were filed. For instance, in North Hollywood, when an  
10 organization promised housing for AIDS victims and, of all  
11 places, the neighbors used CEQA in an effort to stop the  
12 project.

13           Marin County, a housing project for working class  
14 people was proposed and was challenged and held up four and  
15 a half years by a group of objecting neighbors. No  
16 environmental enhancement resulted, only delay and cost.

17           And that's our industry's concern is that the law  
18 is being used not to protect the environment, as was  
19 intended, but simply as a tool for neighbors who don't want  
20 a project in their backyard.

21           COMMISSION CO-CHAIRPERSON HAUCK: Bill.

22           PANEL MEMBER ALLAYAUD: This is an issue of great  
23 concern in the State Legislature for many years, in  
24 particular the last couple. You can dredge up horror  
25 stories, but the statistics show less than one-third of one

1 percent of CEQA actions are taken to the court, so the BIA  
2 makes a big deal out of it.

3           Having said that, we are committed, in Sacramento,  
4 to help streamline CEQA especially for urban projects.  
5 There was a bill a couple of years ago, by Senator Polonco,  
6 that did that. We want to look further at that. We're  
7 sitting down with Secretary McPeak and Secretary Chrisman  
8 this fall to see if we can figure out a way to help  
9 streamline true urban projects that have de minimus  
10 environmental impacts.

11           You're always going to get NIMBYs, who will find  
12 some law to sue some way, we can't do much about that. You  
13 don't want to throw out CEQA, which has been a tremendous  
14 law, that has saved millions of dollars to local government,  
15 who don't have to mitigate things that should be rightfully  
16 mitigated by the developer.

17           Or developers have saved money because they don't  
18 build in a landslide prone area by using CEQA. So no one  
19 seems to want to toll that, they just want to find the worst  
20 cases and say someone sued and held up the project.

21           COMMISSION CO-CHAIRPERSON HAUCK: Well, I don't  
22 know if that's the case. I think the concern is, and let's  
23 taking housing as an example, I think the concern is that we  
24 have a tremendous need for housing in California, and in a  
25 number of instances, for a number of reasons, not just CEQA,

1 developers find it difficult to build that housing.

2 The question, ultimately, is where are we going to  
3 house the residents of California. The worst thing that  
4 could happen is we wind up in a situation where we've got  
5 many, many families living in one dwelling.

6 It's an area I think where both sides need to give  
7 a little and modify their view a little in order to  
8 accomplish the objective. And in the housing case it is to  
9 build more dwelling units so that folks are properly housed.

10 I don't think it's a case of horror stories on  
11 both sides, I think it's a case of an unwillingness to  
12 actually come to the table and actually compromise, and it's  
13 been true for some time.

14 PANEL MEMBER ALLAYAUD: As Senator Ducheny will  
15 attest, this discussion is front and center in the  
16 Legislature right now, and we're working with her on this,  
17 too, and we're going to try and do something about it.  
18 Building enough units in an environmentally sound manner is  
19 the goal, I think we're going to be able to do something.

20 Sunne Wright-McPeak is very committed to working  
21 with us.

22 COMMISSION CO-CHAIRPERSON HAUCK: I am aware of  
23 that.

24 PANEL MEMBER ALLAYAUD: So we'll get it done.

25 COMMISSION CO-CHAIRPERSON HAUCK: Other questions?



1 All right, thank you all.

2 Senator Ducheny. I would have been amazed.

3 COMMISSIONER DUCHENY: I can't resist, I couldn't  
4 resist that one.

5 I just had two questions, one for Senator Florez  
6 on the Air Board thing, and from the work you've done. But  
7 what's the relationship between what the local air quality  
8 district folks get to do versus the State Board. I know  
9 local people sit on the State Board, and what is it that the  
10 local Air Quality Boards can't do that the State Board sort  
11 of adds to it?

12 And my other question is just to play out a little  
13 bit between Mr. McKelvey and Mr. Sparano the issue of the  
14 brown fields. I actually found the brown fields issue  
15 discussion in this report to be very interesting, and I  
16 think it had a lot of ideas about things that can be done to  
17 create incentives and such. But WSPA's opposed to it, and  
18 you didn't talk about it, so I just thought I'd throw  
19 that -- just want to hear a little bit of that.

20 But Dean, go first.

21 PANEL MEMBER FLOREZ: Just a perspective from  
22 where you sit, I guess, would be what's the difference  
23 between the local Air Board and the State Air Board.

24 I can tell you here, in the Central Valley, one of  
25 the tensions that we've found in introducing the five major

1 air bills that we introduced last session, in terms of  
2 agriculture and dairies, was the fact that there needed to  
3 be balance.

4 CARB needed to, in essence, give us, in many  
5 cases, the science that was necessary. And at the local  
6 board they were looking towards CARB for something like  
7 that.

8 And the other end of the spectrum is in many cases  
9 the statewide Board is able to look at the problem from, as  
10 I would say, a much more global position. Many cases, I'm  
11 not knocking our local Air Board whatsoever, but I guess I  
12 will be, by saying in many cases some boards get captured by  
13 industry, and you need to be able to look to a board that  
14 isn't necessarily somewhat captured, but is looking out  
15 towards the goals. Which, quite frankly, is where you sit  
16 today is an extreme air district. We're in an extreme air  
17 zone. We have a good reason to try, by 2010, to get our act  
18 in order or we're going to lose about \$2 billion worth of  
19 transportation funds.

20 I know that concerns our local Air Board, but I  
21 even know moreso concerns CARB. So CARB begins to push even  
22 harder, the local Air Board starts to work a little more, a  
23 little faster, a little harder.

24 And I think the need for statewide legislation  
25 probably says that there's a balance between both. And I

1 would say that without that, without this recommendation,  
2 without CARB, I think we're not going to have, if you will,  
3 someone outside of the locals looking at this from a more  
4 global position, and that is let's not lose our federal  
5 transportation dollars, for example, let's not be penalized  
6 if you will, because people aren't able to make an unpopular  
7 political decision, given that the local Air Boards are all  
8 local elected officials, as well, let's recognize that as  
9 well. So, hopefully, the Board provides that kind of  
10 balance.

11 COMMISSION CO-CHAIRPERSON HAUCK: Any additional  
12 questions?

13 COMMISSIONER DUCHENY: Just a second.

14 PANEL MEMBER SPARANO: Your question, your  
15 observation was that we did not support brown fields. I  
16 think what we wrote, pretty clearly, was we support  
17 redevelopment and we're making redevelopment a high  
18 priority. It was the keeping the UST fund intact, as  
19 opposed to spreading it around was the issue that we focused  
20 on, Senator. And I think it's laid out pretty clearly in  
21 22(a) (6) and (7), in our written submission, of our comments  
22 on the recommendations.

23 COMMISSIONER DUCHENY: So this is a funding issue  
24 that you were addressing?

25 PANEL MEMBER SPARANO: Yes.

1 COMMISSION CO-CHAIRPERSON HAUCK: Okay, anything  
2 else, folks?

3 All right, thank you all, very good. Appreciate  
4 your willingness to be here today.

5 Joanne.

6 COMMISSION CO-CHAIRPERSON KOZBERG: Our next panel  
7 is Conservation, Management and Stewardship.

8 And while the next panel is coming up, just a few  
9 things about public testimony. Again, we will be taking  
10 those individuals who have not had an opportunity to speak  
11 to the Commission. And your comments will be limited to  
12 three minutes, but we would appreciate having your comments,  
13 if they are written, as well.

14 I think we're just going to start with you, David,  
15 and if we could go down the row. And again, if you could do  
16 self-introductions, and I think you saw the drill that at  
17 four minutes you'll see a sign that says one minute, and  
18 then at that point if you could wrap up your remarks. And  
19 again, we appreciate having your comments.

20 PANEL MEMBER BISCHEL: Thank you, Co-Chairs, and  
21 Members of the Commission, I appreciate the opportunity to  
22 speak with you today.

23 My name is David Bischel, I'm President of the  
24 California Forestry Association, which is the statewide  
25 trade association that represents the forest products

1 industry in California, including forest land owners in the  
2 State, primary manufacturers of all types of forest  
3 products, and the production of renewable biomass energy in  
4 the State. So thank you, again.

5 Our members are very much committed to the  
6 sustainable management of California's forest and the  
7 conservation of forest resources.

8 California's among the world's leaders in the  
9 protection of the environment and conservation of our  
10 privately owned forests and forest resources. California's  
11 forest landowners are growing 170 percent more wood than  
12 we're harvesting. We plant seven trees for every tree that  
13 we harvest. Ninety-seven percent of the State's old growth  
14 forests have been preserved in public ownership. And recent  
15 State and federal monitoring programs have demonstrated that  
16 our modern forest practices are, in fact, enhancing water  
17 quality and wildlife habitat.

18 But as we highlight the environmental leadership  
19 demonstrated here, in California, the economic viability of  
20 our industry, and the forest-dependent communities in which  
21 we operate are being threatened by the cumulative impact of  
22 processed gridlock, regulatory costs, and less regulated  
23 lower cost imports.

24 The outcome of multiple layers of regulatory  
25 process, and its related impacts, has put California's

1 forest industry at a huge competitive disadvantage in the  
2 global marketplace and threatens the continued supply of  
3 responsibly harvested wood products.

4 Over the past five years, alone, we have lost 26  
5 percent of the State's manufacturers, and factories, and  
6 mills, while imported wood, from places with far less  
7 protection and environmental standards, have increased in  
8 nearly 80 percent of our State's wood demand.

9 The average cost to landowners of preparing a  
10 timber harvest plan has increased a staggering 300 percent  
11 just since 1995. In the meantime, the cost of the State's  
12 regulatory program has increased by 97 percent, while the  
13 regulatory work load, as represented in approvals of timber  
14 harvest has dropped by 30 percent.

15 If conditions continue on, unmodified, it is not  
16 inconceivable that our forest products industry could cease  
17 to exist within the next decade.

18 In the limited time that I have to testify before  
19 you, I'd like to focus on three key points that are critical  
20 to the survival of our industry here, in California.  
21 They're captured, in part, in the report's resolution 21, in  
22 chapter five of the Resource and Conservation Protection,  
23 and we fully support those recommendations.

24 The first of the three points is that we need to  
25 establish a one-stop permitting process and reestablish the

1 THP review as a vital functionally equivalent process under  
2 the California Environmental Quality Act.

3 Initially, the THP process was envisioned as a  
4 one-stop permit process for timber harvesting activities.  
5 Consistent with CEQA, the Department of Forestry was the  
6 lead agency, other agencies were review, and responsible  
7 agencies with input and, ultimately, there was a permit that  
8 was issued.

9 Unfortunately, both aspects of the THP process  
10 have eroded. We now have a duplicative permitting process  
11 involving three or more agencies, and three to four  
12 different discretionary environmental permits, and review  
13 processes all for the same forestry operation.

14 We recommend that the THP review and approval  
15 process be reestablished as the singular permitting process  
16 for forestry operations in the State of California. That  
17 means involvement by all of the appropriate agencies and  
18 compliance with all of the environmental standards, but a  
19 single permitting process.

20 In that spirit, we endorse the CPR recommendation  
21 to eliminate duplicative and unnecessary boards and  
22 commissions. Invest more authority and responsibility with  
23 department directors, pursuant to reorganization  
24 recommendations of chapters six and eight.

25 The second point that I'd like to raise is that we

1 need to focus on actual end results, not on process, through  
2 adoption of performance standards for forestry regulations,  
3 as opposed to current one-size-fits-all prescriptions.

4           Currently, rules are never tested for need or  
5 effectiveness, nor is on-the-ground verification conducted  
6 prior to the Board of Forestry adopting rules. Rules are  
7 applied uniformly across the entire forest landscape, with  
8 no consideration given to that variability.

9           We recommend that the Board of Forestry be  
10 directed to develop a performance-based approach to  
11 regulatory operations, that clearly articulates  
12 environmental objectives to be achieved, recognizing the  
13 variability across the landscape and then, ultimately,  
14 developing a monitoring and an adaptive feedback process  
15 essential to measuring the effectiveness of those rules.

16           The final point I want to raise is we do need to  
17 identify and promote, and encourage the voluntary actions  
18 that individual landowners are undertaking today. That  
19 includes voluntary certification by third-party independent  
20 certifying agencies, voluntary restoration activities, and  
21 voluntary research that is going on, and recognize that in  
22 our regulatory program.

23           That concludes my comments and, again, I'd like to  
24 thank you for allowing us to participate. We believe that  
25 California can have both a viable industry and the



1 environmental quality that citizens have come to expect, but  
2 we do need dramatic change in our regulatory process. Thank  
3 you.

4 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
5 Carol.

6 PANEL MEMBER CHANDLER: Good afternoon,  
7 Commissioners. I'm Carol Chandler, partner in Chandler  
8 Farms, and a member of the Western Growers' Board of  
9 Directors, and also past State President of California Women  
10 for Agriculture, which is an all-volunteer grass roots  
11 advocacy group for agriculture.

12 I'm a member of a fourth generation family farm,  
13 growing peaches, plums, nectarines, grapes, and almonds.

14 I am speaking today on behalf of my family farm,  
15 Western Growers, California Women for Agriculture, and every  
16 California farmer who faces the same challenges and  
17 opportunities that my family confronts.

18 Western Growers, and I, wholeheartedly support the  
19 Governor's CPR effort, designed to make government more  
20 efficient, streamlined, and less expensive. I applaud your  
21 effort and commitment as Commissioners in this important  
22 process. I know it's taking a lot of your time and we  
23 appreciate your commitment.

24 For farmers, it's critical that California reduces  
25 the red tape, unnecessary and redundant regulations, and

1 government obstacles that stand in the way of producing the  
2 most nutritious and safe food found anywhere in the world.

3 For family farmers California, perhaps  
4 unintentionally, continues to impose governmental and  
5 institutional barriers that make producing food for our  
6 State and nation's families very difficult.

7 We must compete in a global marketplace, a global  
8 marketplace that demands less regulation, less cost, and a  
9 more balanced environmental, conservation, wage, benefit,  
10 and other requirements than we deal with daily in  
11 California.

12 If California continues down this road, there may  
13 come a time when remaining California farmers cannot feed  
14 its citizens, provide a safe food supply, and we will be  
15 required to depend on food and fiber from other states and  
16 countries.

17 Don't misunderstand me, I'm not complaining about  
18 living in California, it's a great place to live and farm.  
19 However, I believe that government must become more  
20 efficient, and effective, and provide assistance, not  
21 barriers.

22 I believe that this CPR process can make  
23 government, and laws and regulations, that focus on keeping  
24 farmers on the farm.

25 Specifically, on CPR recommendations, let me say

1 that I consider my fellow California farmers, and my family,  
2 to be the original stewards of the land and the original  
3 environmentalists. Without preserving my land, practicing  
4 environmentally sensitive farming practices, being a true  
5 steward of my farm, and adhering to sustainable farm  
6 activities, my family could not have farmed for as long as  
7 we have.

8           Also, I have a concern with eliminating the Air  
9 Resources Board, as was discussed earlier. This has often  
10 been the only recourse for agriculture to present our case.  
11 Local air boards provide important checks and balances, as  
12 well as the ability to address regional air quality issues  
13 that may vary throughout our diverse State.

14           California farmers simply don't have the time or  
15 in-house expertise to interpret California's extremely  
16 complex web of regulations, laws and government  
17 bureaucracies. We rely on the Department of Food and  
18 Agriculture, CDFA, to give us that expertise, dealing with  
19 all the other agencies that routinely regulate us, such as  
20 the Resources Agency, CalEPA, and other departments and  
21 agencies.

22           The CPR staff, in its report, notes that the CDFA  
23 is "the model of a vertically integrated, customer focused,  
24 and mission driven department that CPR hopes to replicate  
25 throughout State government." And I agree.

1           As California farmers provide food and fiber to  
2 all Californians, we strongly recommend that CDFA serve as  
3 the single source of contact and authority for all issues  
4 relating to farming, including land stewardship,  
5 conservation, and environment, and any other relevant  
6 activities.

7           We also strongly advocate that CDFA have a seat at  
8 every policy table, in every agency, and literally involved  
9 in every policy discussion that would affect California  
10 farming and agriculture.

11           I've provided more specific recommendations in my  
12 testimony summary sheet, and California Agriculture will  
13 deliver to you a very comprehensive CPR position paper, as  
14 Karen Ross stated, before the end of the month.

15           In conclusion, California farmers applaud your  
16 efforts to streamline government and make California an  
17 easier place to farm and do business. Thank you.

18           COMMISSION CO-CHAIRPERSON KOZBERG: Gary.

19           PANEL MEMBER GILBERT: Thank you. I'm Gary  
20 Gilbert, County Supervisor for the County of Madera, and  
21 today I'm testifying on behalf of the California Association  
22 of Counties.

23           COMMISSION CO-CHAIRPERSON KOZBERG: Gary you're  
24 going to have to, yeah, pull the mike close to you.

25           PANEL MEMBER GILBERT: California Counties are

1 very supportive of this effort to comprehensively review and  
2 examine how the State of California does its business and  
3 business practices. We're very interested in your efforts  
4 to create a comprehensive and coordinated approach,  
5 especially to the environmental protection and resource  
6 management issues our State faces.

7           Currently, CDF, or California State Association of  
8 Counties, CSAC, has six policy committees. They're  
9 currently reviewing the report. They have not yet made a  
10 decision on all the recommendations, back to our Board of  
11 Directors, but that process has started and when that is  
12 finished, we will provide our formal positions on all your  
13 recommendations.

14           Before I go into those reports, but one thing for  
15 sure, CSAC does have a very special interest in one of your  
16 organization proposals, and that is the consolidation of the  
17 roles, functions, and responsibilities for a statewide  
18 wildland fire protection and emergency management into the  
19 Division of Fire Protection and Emergency Management, or  
20 part of the Department going into a Forestry and Land Use  
21 Division.

22           While we have yet to finalize our position on the  
23 specific recommendation, what we do see is very large  
24 internal communication problems and organizational problems  
25 in the existing Resource Management Agency.

1           We're very concerned about the splitting of the  
2   Resource Management Functions from CDF. We've questioned  
3   what legal authorities would still be in place for the  
4   creation of a statewide Wildland Fire Department, when you  
5   remove the watershed fire protection responsibilities.

6           We encourage your Commission to look at the broad  
7   policy issues in that, concerning the wildland fire, the  
8   wildland urban interface, the prescribed fire, the  
9   vegetation management, and all other resource management  
10  issues as it relates to this restructuring.

11           These issues, that you're talking about, are very  
12  different from a life and safety fire protection system, as  
13  proposed under the Homeland Security.

14           Our commitment to these, and these issues, are  
15  demonstrated in a recent policy that CSAC and the League of  
16  Cities recently adopted for wildland/urban interface, and  
17  the significant issues that occurred after the fires in San  
18  Diego.

19           The Governor, as of September 10th, issued a new  
20  policy out, directing those issues for those very issues  
21  that CSAC and the League has addressed.

22           But CSAC, for right now, is coordinating our  
23  responses to four issues on your report. Consolidation of  
24  services and streamlining of State processes, land  
25  acquisition, fish and game environmental filing fees, and

1 the citing of energy and petroleum infrastructure.

2           These issues are very important to the Counties,  
3 because Counties have two roles. One, we are the lead  
4 agency as land use, in the decision making process, and many  
5 of these projects are public projects that we are very  
6 supportive of.

7           We don't have a position on some of these, as it  
8 directly affects your recommendations, but that will be  
9 forthcoming.

10           As for land acquisition, CSAC does not have that  
11 position paper, either, but we have a position that we're a  
12 very strong policy direction on the overall topic of State  
13 and federal land acquisition of private lands, and the  
14 interaction with local land use decision making processes.

15           We would specifically recommend the change in any  
16 State administrative process for land acquisition be in a  
17 full budget process, it has a management plan that would go  
18 with any land that is acquired, and that land is acquired  
19 either by the State or a conservancy, that prior to such  
20 acquisition that all plans for that acquisition be  
21 coordinated and compatible with local government general  
22 plans and zoning requirements.

23           As for the fish and game filing fees, we would  
24 hope our fees are based upon a project's level of  
25 complexity. We would recommend that fees be based on the

1 level of service, and the service being provided by that  
2 agency to the permittee.

3 Infrastructure for the energy and petroleum  
4 products, we are very supportive for that streamlining  
5 process. We have concerns with any restructuring, as such.  
6 But, again, assurance must be made that local government  
7 land use policies and land use plans be considered on any of  
8 those kinds of projects.

9 The rest of the testimony is in your written  
10 backup. And on behalf of CSAC, we thank you for your  
11 involvement with us here, and look forward to working with  
12 you in the future. Thank you.

13 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.  
14 Steve.

15 PANEL MEMBER JOHNSON: Thank you for the  
16 opportunity to testify here, today. I'm Steve Johnson, the  
17 Director of Strategic Initiatives, for the California  
18 Chapter of the Nature Conservancy.

19 The Nature Conservancy has about a million  
20 members, and since we established our first nature preserve  
21 in California, in 1959, we've protected directly about 1.2  
22 million acres of California.

23 We've been directly involved in the development  
24 and the passage of virtually every resource protection bond  
25 since the passage of Prop. 70.



1           The California program of the Nature Conservancy  
2 is the largest in the country. In fact, the largest program  
3 of its type in the world. And the reason for that is that  
4 California, by any measure, by any major conservation  
5 organization, is a top conservation priority world wide.

6           The context of our comments, today, have to do  
7 with that top conservation priority and the stewardship that  
8 we all, as Californians, and as particularly the California  
9 government have, the stewardship responsibilities, not only  
10 on a global context, but in a generational context.

11           Within the report we find that there are a number  
12 of very insightful recommendations that, in our view, merit  
13 careful consideration and support. For example,  
14 recommendation number 31, which calls for the creation of  
15 mitigation standards and a registry of mitigation sites.

16           This might well provide some sorely needed focus  
17 to this very important component of resource funding.  
18 Mitigation is an opportunity to fund natural resources  
19 protection at no cost to the State. Getting it right and  
20 making it work efficiently, is a real cost saving measure.

21           It also addresses some of the needs of our  
22 colleagues in the building industry, and others, who believe  
23 that some mitigation just sort of disappears. And so having  
24 some focus in this would be, I think, very important.

25           Another recommendation that clearly is going to

1 provide some very important cost savings is recommendation  
2 number 13, which consolidates the land acquisition process.  
3 This recommendation builds off of something we know, and  
4 that is the WCB process works pretty darn well.

5 Now, stepping back from those issues, there are a  
6 number of problems that have been identified by the Review,  
7 that we agree are problems, and really warrant working  
8 toward a solution. But we're not quite sure that the  
9 solutions that are proposed in the Performance Review are  
10 exactly the solutions.

11 For example, number 21 proposes several changes to  
12 the timber harvest regulatory process. Now, we concede that  
13 the timber harvest regulatory process, at this point in  
14 time, needs something. We're not quite sure that it needs  
15 exactly what's being proposed in this, but we believe that  
16 it is very important to address this issue.

17 And I think there was a question, earlier on in  
18 the day, about how would you go about doing that, and I  
19 think that's maybe something we'll have a little discussion  
20 about in the question and answer period.

21 Similarly, RS 12, recommendation number 12, talks  
22 about the conservancies, a question that's been raised a  
23 number of times. In 12-A, it proposes the elimination of  
24 some of the conservancies, largely stating that they're  
25 dealing with local priorities and not statewide priorities.

1           But in 12-B, it calls for the establishment of  
2   some process to establish State priorities. And I guess  
3   from our view, is if there was such a process in 12-B, then  
4   12-A could actually do the State priorities in providing  
5   much more local access and local availability.

6           So I think one may solve the other. This is not  
7   to say that 12-B is going to be an easy thing to do. Every  
8   Administration, in my 30 years of work for the Nature  
9   Conservancy, has tried to set up a statewide acquisition  
10  prioritization system. But maybe now is the time, real  
11  leadership would deal with that.

12           Those points of agreement and points of interest  
13  for us are not at the core of the recommendations, however.  
14  What's at the core of the recommendations are three very  
15  troublesome issues, and let me just raise them here.

16           First, about water. Half the ecosystem in  
17  California that we care about is water. It's very difficult  
18  to understand how excising the Department of Water Resources  
19  from a resources department makes managing and protecting  
20  water resources easier.

21           CALFED is a really good example, love it or hate  
22  it, of recognizing the necessity of taking all the water  
23  infrastructure creation and the wildlife stuff and putting  
24  it together in one box. It was done out of necessity, not  
25  out of love. And separating the Department of Water

1 Resources from other resources will make our job infinitely  
2 more difficult, rather than easier.

3 Most of us don't realize that the primary form of  
4 conveyance of water in California is not through canals and  
5 pipelines, but it's through the natural stream systems that  
6 are also known as habitat.

7 A second issue that we have, that we feel is a  
8 very, very important issue to address, is the issue of law  
9 enforcement. Stripping the agencies of their law  
10 enforcement capacity gets to the heart and soul of what  
11 resource protection is about.

12 Resource protection law enforcement is a very  
13 specialized form of law enforcement. Putting it into  
14 another branch of government is not the way to recognize and  
15 to make this work better.

16 And the last thing I'll mention here is fire.  
17 Dividing fire out of the Department of Forestry, again, is  
18 something that we don't agree with. Fire management is not  
19 just about emergency services, it's about the health of our  
20 forests.

21 I'll let my comments go there, thank you.

22 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

23 Nita.

24 PANEL MEMBER VAIL: Good afternoon, Commissioners,  
25 Chairman Kozberg. I'm Nita Vail, Executive Director of the

1 California Rangeland Trust, and my Board, along with  
2 ranchers throughout the State, really applaud Governor  
3 Schwarzenegger and the leadership for looking into improving  
4 the efficiency of the State system, and being willing to  
5 look outside the box at new approaches.

6 We very much appreciate the opportunity to provide  
7 oral testimony, today, and have also submitted some written  
8 comments, in addition.

9 I represent an agricultural land trust, a  
10 California nonprofit corporation whose mission is to  
11 conserve the open space, natural habitat, and stewardship  
12 provided by California's ranches.

13 We're part of a large community, hundreds of land  
14 trusts in California, and thousands throughout the nation,  
15 that adhere to national standards developed by the Land  
16 Trust Alliance.

17 When the California Cattlemen's Association  
18 leadership had the idea of starting a land trust, you might  
19 imagine it was quite controversial in our industry, and it  
20 still is. But landowners are really starting to embrace  
21 conservation easements as a viable tool, and they feel  
22 comfort that there are agricultural land trusts out there to  
23 turn to.

24 The California Rangeland Trust currently holds  
25 conservation easements over 75,000 acres of working ranches

1 in California, and we have received applications with  
2 respect to several hundred thousand acres of rangeland  
3 acres.

4 That is why you will not be surprised why we  
5 strongly support recommendation 35, which we have  
6 continually advocated the use of conservation easements and  
7 public/private partnerships as an alternative to fee  
8 acquisition to conserve open space.

9 Conservation easement, as a term, is confusing, I  
10 think, because sometimes easements imply that there is a  
11 utility access or something like that. They're basically  
12 long-term, perpetual conservation agreements that limit  
13 development and protect natural resources.

14 And the CPR report goes into some detail about  
15 some of the advantages, over the disadvantages. What's  
16 interesting is landowners are turning to conservation  
17 easements because they want to protect their properties from  
18 pressures to develop. Sometimes they want to protect their  
19 properties from their kids. From estate taxes and other  
20 just environmental protections.

21 Purchasing private properties outright has many  
22 drawbacks to the State and, just very briefly, because  
23 you've read about them, the initial cost of fee title is  
24 much greater. And in our written testimony, we have laid  
25 out a table with some of our recent acquisitions, to show

1     you that.

2                 And then the fee acquisition forces the State to  
3     incur ongoing management costs. Whereas with the  
4     conservation easement, the property is managed by the  
5     landowners, whose projects were selected and funded because  
6     of exemplary stewardship practices, and the continuation of  
7     these practices are assured by our careful monitoring of the  
8     easements, using protocols and standards.

9                 Fee acquisition also takes properties off the tax  
10    roles, which decreases revenues to local governments. And  
11    the acquisition of properties by the State often results in  
12    the cessation of these properties being used for  
13    agricultural production, which impacts the neighbors, the  
14    neighboring ranches and farms, the community, and the  
15    overall economic vitality of California.

16                It can also be detrimental to wildlife if agencies  
17    do not have funding for management, which is increasingly  
18    the case today.

19                In supporting this recommendation 35, we want to  
20    emphasize that conservation easement agreements, the ones  
21    that we have in mind, must be suited to the protection of  
22    what we call working landscapes.

23                Some of you may have seen the article in the  
24    Sacramento Bee earlier this week, it was posted on the CPR  
25    website, titled "Some Fear Hearst Deal Sets Precedence."

1           We are the proposed easement holder in the Hearst  
2 Ranch conservation easement proposal, and landowners are  
3 watching closely to see how much oversight the State has, or  
4 will have, and how much the role of land trusts, that meet  
5 high standards and are adhered to are respected in this  
6 model.

7           The conservation easements that we negotiate  
8 involve striking a flexible balance between the protection  
9 of agricultural values and other natural resource values  
10 that are supported by ranching operations, conducted under  
11 sound stewardship.

12           A conservation easement agreement is not a one-  
13 size-fits-all instrument. Rather, each agreement must be  
14 developed against the features of particular working  
15 landscapes.

16           Very briefly, we also support recommendations 11  
17 and 13. Particularly from a fiscal and financial  
18 standpoint, we just have some concern over a mechanism so  
19 there's not a concentration of power, since land use and  
20 projects are very locally based. And some concern about 13-  
21 B because value pricing may put some pressure and we would  
22 be purchasing properties that are cheap, instead of the best  
23 strategic approach.

24           We also support mitigation standards and registry,  
25 we're getting a lot more applications for mitigation



1 easements.

2           And finally, Chris Reynolds talked this morning  
3 about the goal of merging agencies with constituencies.  
4 Karen Ross has said it, Carol Chandler has said it, but I  
5 think there's an importance here of a role for the  
6 California Department of Food and Agriculture.

7           Given the current organizational structure of  
8 California's government, there appears to be a serious  
9 disconnect between agriculture and resource management.  
10 Farmers and ranchers utilize 27 million acres of private  
11 land and over 50 million acres of the State land.

12           Agriculture's not just -- it's a critical part of  
13 the environment, so we really advocate enhancing that  
14 agency's role.

15           In conclusion, again, thank you for the  
16 opportunity. We stand ready to work with you in any  
17 proactive way possible, and really commend your time and  
18 your efforts.

19           COMMISSION CO-CHAIRPERSON KOZBERG: Jay.

20           PANEL COMMISSION WATSON: Mr. Chairman, Madam  
21 Chairwoman, Members of the Commission, my name is Jay  
22 Watson, I'm the Director of the Wilderness Society's  
23 Wildland Fire Program. And I'm here to talk solely on the  
24 issue of splitting the California Department of Forestry and  
25 Fire Protection into two different entities, one in

1 Resources and one in Public Safety and Homeland Security.

2           The Wilderness Society vigorously opposes this  
3 proposed restructuring. While we unquestionably recognize  
4 and salute the fire protection elements of the California  
5 Department of Forestry, it is poor public policy to wall off  
6 fire protection from forest management.

7           Indeed, today, many activities in land and  
8 resource management directly affect fire protection, fire  
9 risk, fire hazard, fire behavior, and nowhere is this more  
10 true than in the forestry arena, where many day-to-day  
11 management actions and programs either impact or exacerbate  
12 fire management, or are directly oriented to reducing fire  
13 risk.

14           Living with fire in California is a fact of life.  
15 Over the millennia, fire has created and maintained the very  
16 landscapes that are California. Fire was purposely and  
17 quite skillfully used by many California indian tribes in  
18 shaping their environment. But fire is at once friend and  
19 foe, as we have often seen.

20           But all fire isn't wildfire, and the right kind of  
21 fire, in the right place, at the right time, can be  
22 necessary and beneficial.

23           Consider the following statement from the  
24 California Fire Plan. "Fire is a necessary part of  
25 California's natural ecosystems. It is a caretaker of the

1 landscape, contributing to ecosystem health by thinning  
2 forests, removing decayed growth, preparing seed beds so  
3 that new plants can grow and support wildlife."

4           So as we have learned more about the role of fire  
5 in wildland systems, we have seen a shift in how we view  
6 fire.

7           Fire management, today, is a much more  
8 comprehensive endeavor, perhaps best captured by the  
9 contrast between two different paradigms, or fire management  
10 as opposed to fire control.

11           The National Fire Plan, the Western Governor's  
12 Comprehensive Fire Strategy, the California Fire Plan, the  
13 Healthy Forests Restoration Act, passed by Congress, all  
14 recognize the need for a comprehensive approach to fire  
15 management, as well as the role of fire in maintaining  
16 healthy, functioning ecosystems.

17           Smokey the Bear was truly a great American icon,  
18 but the fact of the matter is that his policies have  
19 resulted in unintended consequences, not the least of which  
20 is an increased risk of severe fire due to the buildup of  
21 forest fuels, through the removal of fire from even remote  
22 wildland areas for far too long.

23           So therefore, the proposed restructuring of CDF  
24 and the separation of fire management from resource  
25 management, we believe, essentially flies in the face of

1 sort of some elemental realities about the role of fire.

2 But please don't get me wrong, and I want to  
3 emphasize this point, you know, the presence of homes and  
4 communities demand that we always maintain a vigorous and  
5 effective fire suppression apparatus, in the air and on the  
6 ground, and that is something CDF does very well and we  
7 should all congratulate them for that.

8 But it is just as true that we need to return fire  
9 to many ecosystems and we need to use fire to manage fire.  
10 In other words, the future lies in a comprehensive approach  
11 to fire management, ranging from full and immediate  
12 suppression, to prescribed burning and wildland fire use.

13 My greatest fear is that if CDF is fragmented into  
14 two different organizations, we will lose that comprehensive  
15 approach and the strategies that can be used to reverse the  
16 unintended consequences of removing fire from even remote  
17 landscapes.

18 I am also deeply concerned that the splitting of  
19 the Agency will inhibit their ability to work with  
20 communities, as they have over the last year, in developing  
21 community wildfire protection plans.

22 Walling fire management off from resource  
23 management within the Department will, in itself, lead to  
24 unintended consequences. Those consequences can be avoided  
25 by continuing to combine fire management, forest management,

1 land use, fire protection, and resource policy in a  
2 comprehensive and integrated resource agency.

3 A final concern is the proposal to eliminate the  
4 Board of Forestry. We also do not support this  
5 recommendation. The Board, itself, provides a very  
6 important public venue for the airing of differences of  
7 policy and position. Members of the Board are paid a mere  
8 hundred dollars a day. Transferring sort of the function of  
9 a Board of Forestry into a department won't really save any  
10 money, it just will transfer the responsibility of  
11 maintaining an open, public process.

12 Thank you.

13 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

14 Virgil.

15 PANEL MEMBER WELCH: Thank you, Madam Chair,  
16 Mr. Chair, Members of the Commission. My name is Virgil  
17 Welch, I'm here on behalf of the Planning and Conservation  
18 League, and I appreciate the opportunity to come here today  
19 and offer some comments.

20 First, we, like I think everyone else here, really  
21 commend the Administration and the Members of the CPR staff  
22 for undertaking this really large endeavor, which we agree  
23 is a necessary exercise.

24 However, we do have some concerns with this  
25 process. The first point of concern is that we believe

1 there is really a lack of specificity and a vagueness as  
2 related to many of the recommendations contained in the  
3 report.

4 And secondly, we feel that in many instances this  
5 was a very one-sided, somewhat closed door process, where  
6 the public and environmental representation, in particular,  
7 was sort of kept out.

8 And finally, we think that the time frame and the  
9 structure in regard to this process doesn't provide the  
10 optimal experience as far as having a sort of thorough  
11 public vetting of these ideas, as there's more than 2,000  
12 pages and hundreds and hundreds of recommendations in this  
13 report.

14 And rather than make a number of specific  
15 comments, I would actually like to make a more general  
16 comment about the CPR. And that is, I would urge the  
17 Commission, and everyone else, really, to sort of step back  
18 and look at what is the goal of the CPR? And from our  
19 perspective, there's really two overarching questions that  
20 help illustrate both our concerns and our sort of hopes for  
21 this process.

22 And those questions are, as I mentioned, what is  
23 the management goal and, second, what is the metric that we  
24 will use to measure our progress toward that goal?

25 In regard to the first question, if the goal is

1 simply to make State government more centralized and make it  
2 cost less to run, then we are very concerned that State  
3 government's capacity to manage really complex natural  
4 resource issues will be diminished. Public participation  
5 will be reduced. And accountability, which is one of the  
6 sort of fundamental stated goals of this process, will be  
7 reduced as well.

8           Alternatively, if the goal of this report is  
9 really to examine critically and, where necessary, realign  
10 State government programs so that they more effectively  
11 provide services to the citizens of this State, then that is  
12 a type of process that we would love to participate in, but  
13 it is one that we feel, really, that that type of  
14 Performance Review in many cases, not everywhere, is lacking  
15 in this report.

16           In regard to the second question, what metric will  
17 we use to measure our progress toward achieving our  
18 management goals, if success is going to be defined by  
19 positions cut and money saved then, ultimately, we believe  
20 that public health and the environment in California will  
21 pay the price for that.

22           On the other hand, if success is going to be  
23 positive environmental and public health outcomes, then we  
24 all face the challenge of substantively defining what those  
25 outcomes will be, and setting up a time frame for reaching

1 those goals. And that is a very content laden process that  
2 we, and many others, I think, would be keenly interested in  
3 being a part of.

4 I would like to actually close with just touching  
5 on a few specifics. We have submitted our comments in  
6 writing. We intend to submit many more comments in writing,  
7 both in support of some of these recommendations and stating  
8 the reasons why we are opposed to some.

9 But in particular, I would just piggyback on the  
10 previous discussion about a caution against eliminating the  
11 boards and commissions, in general, as they are really a  
12 very vital forum for public participation.

13 And in particular, we would be opposed to  
14 eliminating the State Historical Resources Commission, as  
15 that would just overnight, apparently, give up a million  
16 dollars or more annually, in federal funding.

17 And a second specific point I would like to make  
18 concerns the reorganization of the Department of Fish and  
19 Game, and Parks, Rangers, and Wardens into the newly created  
20 Homeland Security Department. I know that's been discussed,  
21 there's no need to go into specifics, but we would also be  
22 opposed to that for, really, the reasons stated already.

23 Thanks.

24 COMMISSION CO-CHAIRPERSON KOZBERG: Questions?

25 While you're thinking, I have one, also. Mainly,



1 I think, for Steve Johnson.

2 At our meeting in Riverside we heard some very  
3 thoughtful comments from Richard Katz, speaking on Water  
4 Resources, and he really sort of approached it as thinking  
5 of it as a utility, versus a resource.

6 And I wonder if you could expound on how you're  
7 approaching this and how you sort of looked at it when you  
8 first saw the recommendation, because it truly is also part  
9 of our infrastructure, so it does need to be thought  
10 through, carefully.

11 PANEL MEMBER JOHNSON: Well, I couldn't agree with  
12 you more on that. It is a neither fish, nor fowl type of  
13 operation, if you'll excuse the pun.

14 But I think the difference between, for example,  
15 the Department of Water Resources and the Metropolitan Water  
16 District is the difference between managing stream systems  
17 for water resources versus managing canals, aqueducts, and  
18 distribution systems, and distribution networks.

19 The Department of Water Resources, while it has  
20 concrete, it has valves, and it has dams, it also is  
21 responsible for the actual operations of many of our  
22 streams. I mean, most people don't realize that the water  
23 temperature, the water volume, the number of fish in the  
24 Sacramento River are because of DWR's, and the Bureau of  
25 Reclamation's, and the Joint Operation's operation.

1 I mean, the key habitat types, aquatic habitat  
2 types in California, are operated, in some respect or  
3 another, by the Department of Water Resources. That, to me,  
4 is about water resources.

5 The other thing that DWR does different than, for  
6 example, East Bay MUD, is DWR is responsible to make sure  
7 that we have water resources. That it's not just about the  
8 habitat, it's also about the water, itself, as an ongoing  
9 resource.

10 And so I think that that distinguishes, at least  
11 in my mind, the difference between a utility and a resources  
12 organization.

13 When you get into the distribution of the water,  
14 it's more along the lines of a utility. When you get into  
15 the long-term preservation of the water, and the water as  
16 habitat, it's more of a resource issue.

17 COMMISSION CO-CHAIRPERSON KOZBERG: Thank you.

18 Carol.

19 COMMISSIONER WHITESIDE: Just a quick question for  
20 David, and that is that you mentioned voluntary private  
21 certification programs. Can you give us some examples of  
22 that?

23 PANEL MEMBER BISCHER: Certainly, Carol. There  
24 are three major certification programs that have independent  
25 certification, that are generally recognized through the

1 United Nations, and 14,001 environmental standards.

2 One is the Forest Stewardship Council, which is a  
3 certification program that was developed by environmental  
4 organizations. Another is the Forest -- I mean, excuse me,  
5 the Sustainable Forestry Initiative, which is an  
6 organization developed by and in cooperation with the forest  
7 industry and some conservation organizations, with their  
8 Board.

9 And then the third would be the American Tree Farm  
10 System, which has been a system for small landowners, for  
11 over a half a century, and they have developed new standards  
12 and certification, independent certification programs.

13 COMMISSIONER WHITESIDE: And those are all paid  
14 for, I assume, by members?

15 PANEL MEMBER BISCHER: Those are all paid for by  
16 landowners who choose to have their lands certified and  
17 operate by those certification standards.

18 COMMISSIONER WHITESIDE: Thank you.

19 COMMISSION CO-CHAIRPERSON KOZBERG: J.J., then  
20 Joel.

21 COMMISSIONER JELINCIC: I actually don't have any  
22 questions, but I have some observations I would like to  
23 make.

24 I think we have one more hearing to go, but we  
25 have reached what I think will be a unanimous decision that

1 we should get rid of unneeded boards, regulations, and  
2 paperwork. And hopefully, at the next meeting, we can get  
3 an agreement on what the unneeded are.

4 COMMISSIONER WHITESIDE: It's everyone else's.

5 COMMISSIONER JELINCIC: Everyone else's.

6 There has been reference to the Office of Solomon,  
7 and I think that's a great idea. My members will be happy  
8 to staff it.

9 (Laughter.)

10 COMMISSIONER JELINCIC: And the other observation  
11 I would like to make is I would like to particularly  
12 acknowledge and thank the staff of the CPR. I think they  
13 have put together, for this presentation, the most balanced  
14 panels that we have heard, and I want them to know that I  
15 appreciate that.

16 (Applause.)

17 COMMISSION CO-CHAIRPERSON KOZBERG: Well said.  
18 Joel.

19 COMMISSIONER FOX: I just had one real quick. If  
20 I understood Carol correctly, you left your written  
21 statement to say that you supported the Air Resources Board.  
22 I wasn't clear if you were talking about the State -- or you  
23 mentioned local and State, and I just wanted you to clarify  
24 your point?

25 PANEL MEMBER CHANDLER: Both, both. I think they

1 both have a role to play. And I think having CARB in place,  
2 and then having the local boards address the specific issues  
3 of their regions is very important.

4 COMMISSION CO-CHAIRPERSON KOZBERG: Okay, Carol.

5 COMMISSIONER WHITESIDE: If I could ask sort of a  
6 question, not specific to any of your testimony, but just  
7 because this is a very broadly representative panel, we've  
8 heard a lot of people say lots of substance, needs further  
9 work.

10 I think the risk that the process faces is  
11 interminable, it just needs more work, we'll sit down and  
12 we'll talk about it a little bit longer and so on.

13 Would any of you like to speculate on how to  
14 manage what could be a many-headed hydra and still feel that  
15 the process and the results are as representative and  
16 inclusive as could be?

17 COMMISSION CO-CHAIRPERSON KOZBERG: Nita?

18 PANEL MEMBER VAIL: Okay, at the risk of being a  
19 little controversial.

20 COMMISSION CO-CHAIRPERSON KOZBERG: Not Nita.

21 PANEL MEMBER VAIL: No. Well, I thought a lot  
22 about this and one of the things, and this would be a whole  
23 different layer, but when we look at shifting organizations  
24 and boxes, one of the things that is very difficult to  
25 integrate is how humans make decisions in leadership.

1           And I think what Chris was trying to approach, in  
2 terms of merging constituencies, is a good start. And then  
3 we start to look at the structure and say how -- we don't  
4 know who's going to be in certain positions at different  
5 times, but how are we going to work with them in the way  
6 that's the most effective in communication and  
7 relationships?

8           Because a lot of these conflicts with the Water  
9 Boards, and the local commission, they are about people and  
10 they're about personalities. And I think that we're missing  
11 that piece in some of the new models that we try and  
12 approach. I'm not exactly sure how to layer it, but people  
13 smarter than myself probably have done some of this work,  
14 and I would just add that maybe there's an overlay of that  
15 element.

16           COMMISSION CO-CHAIRPERSON KOZBERG: Steve.

17           PANEL MEMBER JOHNSON: I would suggest, sort of  
18 operationally, there may be ways to make findings that defer  
19 the decision by establishing for that particular issue,  
20 let's take, for example, the Board of Forestry, and give a  
21 time certain deadline for the parties to resolve their  
22 issues, to see if they can come up with an alternative  
23 solution, and if they don't, then the recommendation is the  
24 recommendation.

25           COMMISSION CO-CHAIRPERSON KOZBERG: Gary, I see

1 you grabbing for the mike.

2 PANEL MEMBER GILBERT: I think there's one issue  
3 here that needs to be addressed, when you deal with some of  
4 the resource issues, is many of your resource issues are  
5 going to be physical science, and you're putting social  
6 science on top of them to try and address that decision.

7 You know, take use of the natural resources on  
8 timber. If you put a social value to it, a scenic value,  
9 but then to turn, where I come from, either you're going to  
10 have to manage it or its going to burn.

11 So which way do you want to manage it? Do you  
12 want to manage it that it's a good resource, it's a resource  
13 out there that's got economic value, or do you leave it stay  
14 there, let the insects and disease kill it, and eventually  
15 you burn it in place, and then you start affecting your air  
16 quality, and everything else starts affecting.

17 So when you start mixing physical science with  
18 social science, you have some conflicts here. And that's  
19 why I think you've been appointed here, to come up with all  
20 the issues for us.

21 COMMISSION CO-CHAIRPERSON KOZBERG: Sheriff  
22 Carona.

23 COMMISSIONER CARONA: You know, since you brought  
24 it up, because I was going to ask for the debate between  
25 Mr. Johnson and Mr. Bischel, because they talked about the

1 timber harvest plan. And as a neophyte in anything to do  
2 with timber harvest, or the conservation of timber, I'd love  
3 to hear your resolution to the issue that was put forward by  
4 Mr. Gilbert, about the conflict, physical science versus  
5 social science.

6 I mean, it seems to me, reading through the  
7 literature, and now listening to the discussion today, that  
8 you have an economic system that is being driven out of the  
9 State of California. You have a potential hazard that is  
10 being put into play. You have, clearly, the environment  
11 concerns that are overarching all of that. And then you  
12 have, from a macro perspective, if we're not competitive  
13 here, in California, if we don't get into an environmentally  
14 conscious way of dealing with the timber harvest plan, then  
15 it's going to be done outside of the United States, in a  
16 less environmental friendly way, that will probably have an  
17 even bigger impact on the ecosystem.

18 And I'd love to hear the conversation between the  
19 two gentlemen, since it's been brought up.

20 PANEL MEMBER BISCHER: Thank you, Gary. Actually,  
21 I have to say that you framed the issues quite eloquently in  
22 that we obviously are dealing with physical science in the  
23 context of social needs and economic conditions.

24 We live in a global marketplace, we have to deal  
25 with the global consequences of environmental impacts. And



1 for us to be competitive in a global marketplace, we have to  
2 not only be looking at the effectiveness of the regulatory  
3 programs, but the efficiency of those programs in that  
4 global context.

5 And I think that, you know, we probably can agree  
6 on a lot of issues, philosophically, in terms of the need to  
7 sustainably manage our resources in a responsible manner.

8 We need to recognize that forest products, natural  
9 forest products are one of the most sustainable, renewable,  
10 reusable, recyclable, all the things that are really  
11 valuable to us, as a society. Do we want to produce those  
12 products, do we want to produce them in the most  
13 environmentally sound way, and we still have to produce them  
14 in a global marketplace?

15 To get there we have to, I think, relook at the  
16 regulatory system that we're operating in and recognize that  
17 we need to focus on what are the real outcomes, the actual  
18 on-the-ground outcomes that are important to us, as opposed  
19 to process, and we're a State that is focused on process.

20 If you take a look at environmental lawsuits  
21 involving forestry, 95 percent of them are did you cross the  
22 T, and dot the I, and comply with the process to its nth  
23 degree? And I think we need to move away from process and  
24 move toward the end product that we all want.

25 PANEL MEMBER JOHNSON: Well, I think, I agree with

1 David that you very eloquently and accurately portrayed  
2 exactly the issues that are on the table, and it's the  
3 reason why I'm optimistic that the time now is very  
4 opportune to actually resolve some of these issues.

5 I have actually not seen a time where these issues  
6 have been clear in everyone's mind, and people are more  
7 willing to actually come to some resolution.

8 I don't think we'll get to resolution by simply  
9 adopting some of the proposals in CPR. But I do think that  
10 if we could develop a process with some real deadlines, with  
11 some real push to it, with some real leadership, that we  
12 could come to some resolutions to this issue.

13 Because the conservation of California's forest  
14 resources are really at stake. I think both sides, the  
15 environmental side and the forestry industry, recognize  
16 that, and we need to come to some resolution of that, and I  
17 think we will.

18 PANEL MEMBER WATSON: Can I add something, too? I  
19 think, not to further complicate the issue, but there are  
20 forces, external to California, that are coming to bear on  
21 the timber industry in California. It's a global  
22 marketplace, it's labor costs, growing seasons, it's the low  
23 cost producer in a larger market. So it's not just a  
24 question of environmental regulation, and I certainly would  
25 agree that the harvest process is cumbersome and needs to be

1 fixed in any number of ways.

2 Another factor that has nothing to do with this  
3 Panel, that bears very heavily on the timber industry, is  
4 Workman's Comp. I mean, the last mill that I recall that  
5 shut down in California, they were having -- yes, they were  
6 having trouble, according to their owner, with the harvest  
7 plan process, but the final straw was a doubling of their  
8 Workman's Comp premium that said, I can't do this anymore.  
9 It was a 125-person mill, I believe.

10 So it's not just an environmental or regulatory  
11 issue, but it is important to maintain an industry in this  
12 State, it's important to maintain their infrastructure, even  
13 to do the hazardous fuel reduction that we're so supportive  
14 of. Someone's got to do the work. Someone's got to,  
15 hopefully, make something out of that material. But you  
16 really zeroed in on the issue.

17 COMMISSION CO-CHAIRPERSON KOZBERG: Gary, you get  
18 the last word on this point.

19 PANEL MEMBER GILBERT: Well, it's interesting, I'm  
20 sitting in between these two individuals. I'm an elected  
21 official in Madera County. And it's interesting, I live in  
22 Eastern Madera County, the Sierra National Forest, public  
23 land. They were, back to around the early nineties, late  
24 eighties, they were harvesting 120 million board feet a year  
25 off that forest. They're now harvesting 1 million board

1 feet.

2 We had a mill in the Town of North Fork, employed  
3 350 people, the mill has closed. All infrastructure has  
4 left. We had doctors, a pharmacy, we had restaurants, we  
5 had little stores in that town. It's deserted. There's  
6 nothing left, there's no jobs.

7 We have a large Native American population that  
8 worked in the woods, both in the mill and in the woods, so  
9 we had indirectly, for every job in the mill, we probably  
10 had another three to four jobs indirectly in the woods, and  
11 in our actual community. It is devastated. It was all done  
12 over an owl, a slaughtered owl, that eventually the science  
13 proved was not affected by what they were doing.

14 We now have over 1 billion board feet sitting on  
15 that forest. We have no infrastructure to manage it, other  
16 than fire. That's what's going to happen.

17 Three years ago we burned 5,000 acres of timber  
18 right outside the community, it's still standing, has not  
19 been one tree harvested off that burn. That's all  
20 taxpayer's money that's been wasted.

21 COMMISSION CO-CHAIRPERSON KOZBERG: And the last  
22 question, Steve Frates?

23 COMMISSIONER FRATES: Thank you, Madam Chair.

24 In everybody's comments I got the distinct  
25 impression, and I think all of us have, in all the meetings,

1 is that there's a good deal of cross-current and confusion  
2 about a lot of the regulatory regime that exists, and that's  
3 not exclusive to environmental things. I mean, we've had  
4 some fascinating discussions on healthcare and education  
5 that run into the same thing.

6 I'd just pose two general questions to any of you,  
7 do any of you feel the regulatory environment is clear and  
8 understandable, and transparent? So that's pretty obviously  
9 the case.

10 And then the second part is, if we move towards  
11 common ground across the spectrum of all of you, who  
12 represent a pretty broad spectrum of people out in the  
13 audience, as well, is anybody opposed to making that more  
14 clear, more understandable, or more transparent?

15 Now, as Denise points out, she's in the messy  
16 business, as Jesse Unrue said, if you ever want to see -- or  
17 let's see, if you like laws and politics -- or laws and  
18 sausages, don't watch either one being made.

19 But crude though that analogy is, it would seem,  
20 then, that one of the things that we really need to have is  
21 some reasonably clear understanding of what it is we're  
22 arguing about the regulatory regime, and a lot of that,  
23 probably, is something that can then lead to, perhaps,  
24 structural change.

25 And I'd just kind of throw it out, briefly, to any

1 of you, if you have any grand insights on that?

2 COMMISSION CO-CHAIRPERSON KOZBERG: Very briefly.

3 COMMISSIONER FRATES: Very briefly. If you agree  
4 totally, it's not your test.

5 PANEL MEMBER BISCHER: Well, I certainly agree  
6 with your first two statements, I think probably everybody  
7 in this room does.

8 One of the issues that I think has been sort of on  
9 the table here, and sort of pushed around, and not really  
10 addressed, is the fact that there really isn't, within our  
11 current structure, any incentive for State agencies to work  
12 cooperatively together to make things more efficient. And,  
13 in fact, there is more incentive for agencies to protect  
14 their own turf, to work separately, to do their own  
15 permitting, get their own fees, and not try to make the  
16 process more efficient.

17 So I would suggest that maybe one of the  
18 challenges to this Panel and Commission is how do we create  
19 an environment where there is an incentive for State  
20 agencies to work together to be more effective and more  
21 efficient.

22 PANEL MEMBER JOHNSON: I would like to add to  
23 David's point, and that is it's not just about California,  
24 it's about the feds, too. When we talk about regulatory  
25 processes, the one that I've been most actively involved in

1 is the Endangered Species Act and the development of the  
2 NCCP program in Southern California.

3 Just like on the timber production side, the  
4 federal government and federal laws are the drivers for most  
5 of the regulatory problems, or many of the regulatory  
6 problems that we face in these natural resources settings.  
7 CALFED is a good example. Most of the endangered species  
8 that we're dealing with are federally endangered.

9 There needs to be very clear and very real State  
10 leadership to work with the federal government to resolve  
11 these issues. It's extraordinarily difficult to get State  
12 officials to weigh in with their federal counterparts, to  
13 take these issues seriously.

14 And I'm going to say that over again, and over  
15 again, and over again until this issue's resolved. It takes  
16 leadership at the very top to resolve these issues, and that  
17 leadership has generally not been forthcoming.

18 COMMISSION CO-CHAIRPERSON KOZBERG: I'd just like  
19 to thank the Panel, all three Panels, you've just been  
20 outstanding. We've certainly heard you. You've heard each  
21 other. And we look forward to any other follow-up  
22 communication that you'd like to share your thoughts with  
23 us. Thank you.

24 (Applause.)

25 COMMISSION CO-CHAIRPERSON HAUCK: We're going to

1 go on right now. We're now going to move into the public  
2 testimony portion of our program. As Joanne indicated, the  
3 way this works is that each person who wishes to speak, and  
4 people can speak on any subject relating to the CPR report,  
5 is allotted three minutes to speak, and you'll be prompted  
6 in the same way that our panel members were prompted, with  
7 respect to time. And we would ask that you keep your  
8 remarks to the three minutes in order for us to get to as  
9 many people as possible between now and 5:00 p.m.

10 I'm going to give you the names of the first five  
11 people who we will ask to come forward. Please, please be  
12 ready, if you can, to speak, and then we'll do that in  
13 rotation as we proceed.

14 So the first five people are Paul McClain  
15 Lugowski, Sara Martinez, Malcolm McCay, I believe it is,  
16 Greg Wardwell, and Ann Sutherland.

17 So we'll start with Paul. The standing  
18 microphone, you won't be here long enough to sit down.

19 (Laughter.)

20 COMMISSION CO-CHAIRPERSON HAUCK: All right, Paul,  
21 go ahead, take it away.

22 MR. MC CLAIN: Honorable Co-Chairs and Members of  
23 the Commission, thanks for the opportunity to address you  
24 today. I am Paul Mc Clain, I'm the Director of the EOC  
25 Fresno Local Conservation Corp, and today I represent the 11



1 local nonprofit conservation corps in the State of  
2 California.

3 California's Conservation Corps, and we'll  
4 address, also, the CCC, and the 11 corps are part of an  
5 auspicious 70-year legacy dating back to FDR's Civilian  
6 Conservation Corp.

7 This legacy includes the Eunice Kennedy Shriver  
8 Special Olympics, the passion of our Governor, and Sargent  
9 Shriver's remarkable achievements as founding director of  
10 the Peace Corps.

11 Today, we stand prepared to expand this legacy as  
12 the standard bearers for First Lady Maria Shriver's quest to  
13 rejuvenate community service in our State.

14 Local Corps enroll 2,500 young adults, ages 18 to  
15 26, each year. These young adults come to us on a long  
16 waiting list, seeking job skills and education, and the  
17 opportunity to serve their communities.

18 Many have encountered the criminal justice system  
19 and most come to us reading and writing at fifth to seventh  
20 grade levels.

21 During a time when over 30 percent of our youth,  
22 ages 16 to 24, are without a diploma or a job, and roughly  
23 30,000 are in prison, the Corps, as simply put, save lives.  
24 Corps not only save lives, they deliver outstanding return  
25 on investment. In many cases we save California's General

1 Fund the annual \$35,000 per inmate cost of incarceration.

2 Furthermore, our graduates leave our programs with  
3 the tools, integrity, and motivation to be self-sufficient,  
4 no longer contributing to the escalating costs and expanding  
5 roles of public housing, health, and cash aid.

6 The recent national studies show that Corps  
7 provided \$2 in return for every \$1 spent in Corps services.

8 We are not an entitlement program, we deliver  
9 performance and results.

10 Trained Corps members assist our communities  
11 during natural disasters, toiling long hours to stamp out  
12 forest fires and reinforce flood prevention levees. They  
13 exterminate lethal pests, clear streams of invasive non-  
14 native plant species, and improve the safety of our  
15 communities in preparation for terror alerts.

16 They construct low-income housing and weatherize  
17 the homes of the elderly and disabled to conserve energy.  
18 They provide comprehensive recycling services to preserve  
19 our scarce natural resources and limit our dependence on  
20 foreign sources of fuel and other commodities.

21 Concurrent with these full time, paid work  
22 assignments, Corps members receive an education, leadership  
23 development instruction through charter schools, and our  
24 association with community colleges, leading to high school  
25 diplomas and college certifications.

1           We have benefitted greatly from the freedom to  
2   develop creative programs that meet the needs of  
3   California's diverse local communities. And while we look  
4   forward, with great anticipation, to working with the newly  
5   formed California Service Corps, we hope that this process  
6   of governmental review will preserve the vital services  
7   we're able to provide our constituencies and lead to greatly  
8   increased funding of Corps from associated State  
9   departments, such as Resources, Corrections, Transportation,  
10   Forestry, and Conservation.

11           Thank you.

12           COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you,  
13   Paul.

14           Sara Martinez.

15           MS. SUTHERLAND: Mr. Chairman, I'm Ann Sutherland,  
16   I would like to speak before Sarita talks, since we're from  
17   the same program.

18           COMMISSION CO-CHAIRPERSON HAUCK: I didn't  
19   understand what you said.

20           MS. SUTHERLAND: My name is Ann Sutherland, I  
21   would like to be able to speak first, before Sara.

22           COMMISSION CO-CHAIRPERSON HAUCK: Okay.

23           MS. SUTHERLAND: As we're going to speak on the  
24   issue and I would like to introduce her. Is that okay?

25           COMMISSION CO-CHAIRPERSON HAUCK: Go right ahead.

1           MS. SUTHERLAND: Commission Members and staff, I  
2 am Ann Sutherland, from United Domestic Workers. I bring  
3 you the greetings of Ken Seaton-Msemaji, who's worked with  
4 several of you on our program.

5           We appreciate the opportunity to speak about the  
6 changes you are proposing to California's In-home Support  
7 Services, which provides services for 359,000 Californians  
8 who are Medi-Cal eligible, and who could not otherwise  
9 remain safely in their homes.

10           Because it is so much less expensive, costing  
11 approximately one-fifth of nursing home and institutional  
12 care, home care also conserves scarce tax dollars. As such,  
13 it provides government with a rare opportunity to merge  
14 sound fiscal policy with a popular social goal.

15           The success of California's IHHS program is one  
16 reason our nursing home utilization and costs are among the  
17 nation's lowest.

18           UDW and SEIU represent California's homecare  
19 workers, who care for these clients. Our commitment to  
20 improving the IHHS program, so that it achieves fine  
21 outcomes, not only for our workers, but for our clients, is  
22 long, consistent, and very well-known in California.

23           We recently sponsored AB 1682, which had 67 co-  
24 authors from both sides of the aisle and which was widely  
25 supported. It provides an administrative structure to

1 improve IHHS program structure and accountability, implement  
2 program standards, provide training, and provide an orderly  
3 process for labor relations.

4 This year, Governor Schwarzenegger was able to get  
5 a \$1.7 billion waiver to help 75,000 of the IHHS recipients.  
6 We support this effort and we're an early advocate of it.

7 We also supported Governor Schwarzenegger's  
8 quality improvement initiative, which should strengthen the  
9 accountability for the program.

10 We have reviewed your proposals, which basically  
11 support moving the program administration to the State  
12 level. I want to point out several concerns that we have.  
13 We're hoping that you can provide the information to enable  
14 us to support them. As I said earlier, we are very strongly  
15 supportive of your efforts in this program.

16 One of our concerns is to have an adequate supply  
17 of trained workers. This is a constant problem,  
18 particularly in counties with very low wages.

19 Secondly, we want to make sure the collective  
20 bargaining process is not inhibited by this change to State  
21 administration.

22 We want to make sure that the consumer input,  
23 which was first put forth in AB 1682 is continued. This is  
24 now at the county level and we're not sure how that would  
25 happen if it were moved to the State.

1           We also think you need to be concerned about the  
2   implementation of the quality assurance issue, which is now  
3   being undergone.

4           In short, we're hoping to work with you in the  
5   future and we look forward. Thank you.

6           COMMISSION CO-CHAIRPERSON HAUCK: Thank you, Ann.  
7   Sara.

8           MS. MARTINEZ: Hi, my name is Sara Martinez, and I  
9   came here from San Diego to speak before you.

10          I want to thank you for your hard work, the  
11   California CPR proposal. We've reviewed it at United  
12   Domestic Workers, and I'm going to tell you what some of the  
13   concerns are from the United Domestic Workers' members who  
14   are caring for elderly, sick, and disabled people who live  
15   in 29 of the counties that are represented by United  
16   Domestic Workers.

17          Some of them are curious to learn more about how  
18   it is that the local eligibility for the program will take  
19   place. I know that some of these are the same questions  
20   that will be discussed amongst you.

21          Currently, when a sick or disabled person seeks  
22   eligibility with in-home supportive services, a social  
23   worker from the county comes out to the home, to evaluate.  
24   With the transfer of IHHS to the State, would the State be  
25   sending out social workers, would it be administered at the

1 county level, would the process be the same?

2 Ann mentioned some recent legislation that has  
3 made IHHS -- probably some of the biggest changes in IHHS in  
4 many, many decades. One of them being providing a structure  
5 for the workers, the caregivers, themselves. Would that  
6 maintain itself and how would any changes made as a result  
7 of your recommendations strengthen that legislation and keep  
8 the ball rolling towards progress in this program, that is a  
9 model of homecare in the nation.

10 I also wanted to share with you that I have a  
11 daughter who's 12 and a half, her name's Amber Lee, and she  
12 is disabled, and she is eligible for Medi-Cal through one of  
13 the program waivers on her own. She's had a lot of heart  
14 surgery and is in special ed., and whatnot. She does very  
15 well, thank God.

16 And I know a lot of disabled kids, like her, who  
17 depend on some of our good programs in this State. And so I  
18 just urge you to think of my daughter, and California's  
19 disabled and seniors, and the people who are going to be  
20 providing care for them, as you go and make your decisions.  
21 And the best of luck to you.

22 COMMISSION CO-CHAIRPERSON HAUCK: Thank you, Sara.

23 Malcolm McKay. Make sure you speak into that  
24 mike, Malcolm, because it's a little difficult to hear up  
25 here.

1           MR. MC KAY: Well, hopefully, you'll hear me  
2 fairly well. I'm Malcolm McKay, I'm with the Sempra Energy  
3 Corporation. And I'd like to thank you, Ms. Co-Chair, Madam  
4 Co-Chair, Commissioners and, in particular, Fresno State  
5 University. As they will remind you, we're not in Kansas  
6 anymore.

7           I'm here to speak specifically on item RES 31-B.  
8 Now, 31-B states "the Resources Agency or its successor  
9 should create a register of all available mitigation banks  
10 and properties, suitable properties available for purchase,  
11 and parcels the public and private nonprofit agencies would  
12 like to add to their holdings and regularly update the  
13 register."

14           We believe this is a very fine first step. But we  
15 encourage you to think about something additional that can  
16 be added within this section of the report.

17           One of the issues that many projects face, not  
18 just utility issues, but any development project, is  
19 mitigation property as offset, especially as part of the  
20 CEQA process.

21           One of the problems developers, project builders  
22 run into is the availability of mitigation, appropriate  
23 mitigation properties, and sometimes that can be an extended  
24 period to locate them.

25           We would like consideration of an idea that a



1 State-sanctioned entity, perhaps a State agency, perhaps  
2 some other entity, would be empowered to receive, from a  
3 developer or project proponent, an in-lieu payment as  
4 mitigation to that State-sanctioned entity, which then would  
5 be commissioned to acquire property on behalf of the  
6 project.

7 That would be considered the mitigation and allow  
8 the project to move forward. We think that solves one of  
9 the bottlenecks that we currently face.

10 We think this also dovetails very nicely with  
11 other work that's going on in the State of California, of  
12 how to get our infrastructure built and going forward.

13 The Energy Commission, for example, is doing a lot  
14 of work on transmission corridors for electric projects.  
15 That can be generalized and a general set of corridors for  
16 infrastructure projects for the State, and set aside and  
17 designed on a long-term basis where those properties are  
18 going to exist, where we might be looking in a  
19 comprehensive, consolidated, considered manner where those  
20 properties could be acquired.

21 Sempra Energy is prepared to work with the  
22 Commission on this and, of course, many of the other things  
23 we'll be commenting on later. Thank you.

24 COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you.

25 Next is Greg Wardwell, and after Greg is Charles

1 Bennett, Stan Landfair, Miles Standish, Anthea Hartig, and  
2 Elizabeth Goldstein.

3 Okay, Greg.

4 SERGEANT WARDWELL: I'm Sergeant Greg Wardwell,  
5 from the Sonoma Developmental Center Police Department. I'm  
6 here, today, to represent the Department of Mental Health.

7 COMMISSION CO-CHAIRPERSON HAUCK: Greg, you've got  
8 to speak up.

9 SERGEANT WARDWELL: And the Department of  
10 Developmental Services, Emergency Services, Investigators  
11 and Police Officers.

12 As you're well aware, we have a system of State  
13 hospitals and developmental centers up and down the State  
14 that take care of the needs of the developmentally disabled  
15 people, of mentally ill populations and, in some areas,  
16 dangerously criminally insane populations.

17 I'm here, today, to advocate for my classification  
18 of investigators in police departments that work in the  
19 State hospitals, and DC's up and down the State, and ask for  
20 some safeguard in connection with the proposed  
21 restructuring.

22 As it stands now, the system that's been in place  
23 for about 30 years routinely struggles with the very  
24 problems that the restructuring promises to correct, so  
25 we're looking forward to the restructuring.

1           As it stands now, many of us in the system are  
2 almost as much as 40 percent behind salary and benefit  
3 packages compared to some of the other large State agencies.  
4 We routinely struggle with training issues, POST  
5 certification, safety equipment, the very things that  
6 Centralized Command, Training, and Equipment promise to  
7 solve.

8           We remember the past, from what happened to the  
9 State Police some 15 years ago, in a restructuring effort,  
10 being absorbed by the CHP, and that's the other end of the  
11 scale, that we have in the back of our minds, that we hope  
12 won't be repeated.

13           We'd ask for your advocacy and your safeguard. We  
14 look forward to the changes. Thank you very much.

15           COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you,  
16 Greg.

17           Charles Bennett.

18           MR. BENNETT: I'm Charles Bennett, President of  
19 the Anza Borrego Foundation and Institute, a cooperating  
20 association of the California State Parks, located in the  
21 Colorado Desert District in Southern California.

22           Founded in 1967, as a land trust, the Foundation  
23 is acquired and transferred to the Anza Borrego Desert State  
24 Park, over 35,000 acres of inholdings and contiguous lands.

25           In 2003, we launched the Anza Borrego Institute,

1 which offers a wide variety of educational and interpretive  
2 programs for students and adults.

3 Our review of the CPR raised several concerns. In  
4 the area of land acquisition, the Anza Borrego Foundation  
5 has been acquiring park lands for the Anza Borrego Desert  
6 State Park for 37 years. We do understand and applaud the  
7 Performance Review's focus on increasing revenue through  
8 economic activity and value.

9 We are concerned, however, that this is an  
10 inappropriate focus for land acquisition for State park  
11 purposes. Wilderness and open space as parkland do not  
12 generate economic value.

13 We concur that the creation of a Resources  
14 Conservation Board would be an improvement over current  
15 cumbersome and time consuming land acquisition practices.  
16 However, the three agencies that will comprise this Board  
17 have different missions and operate under different  
18 Governmental Code sections.

19 We, therefore, support retaining park development  
20 and real estate staff within this proposed agency, to take  
21 advantage of the exceptional in-house expertise and advocacy  
22 provided by the current staff.

23 A real estate staff member of the new RCB must  
24 understand and appreciate the reasons for acquisition of  
25 particular park property.

1           Some questions which must be answered include the  
2 following: at this proposed combined agency level, who will  
3 advocate for local projects? How does the locally-focused  
4 work of a small nonprofit, like the Anza Borrego Foundation,  
5 fit into a larger, State lands acquisition scheme? And what  
6 criteria will be used to rank the acquisition of Anza  
7 Borrego's privately owned in-holdings, a park-endorsed  
8 priority for 37 years?

9           Regarding the consolidation of all law enforcement  
10 personnel into one agency, we feel this proposal does not  
11 adequately consider the unique aspects of park management.  
12 Currently, park rangers serve many critical functions beyond  
13 law enforcement, including protecting and interpreting park  
14 resources, serving as liaison and volunteers in nonprofit  
15 partners, performing community outreach, and enforcing laws  
16 specific to protection of parks.

17           Who would fill these roles and what would the cost  
18 be if rangers are restricted only to law enforcement duties?

19           Another concern, in implementing its  
20 recommendations, we hope the Commission takes into account  
21 each park's distinct requirements. For example, the Anza  
22 Borrego Desert State Park is a thousand square miles in  
23 area. Each ranger currently patrols about 60,000 acres, an  
24 area larger than most of California's other State parks.

25           Finally, we support consolidation of core training

1 of law enforcement personnel, but it must provide for the  
2 specialized training for park rangers.

3 Thank you very much.

4 COMMISSION CO-CHAIRPERSON HAUCK: Okay, Charles,  
5 thank you very much.

6 Stan.

7 MR. LANDFAIR: Good afternoon. My name is Stan  
8 Landfair, I'm an attorney from the firm of McKenna, Long,  
9 and Aldridge, in San Francisco. Thank you for allowing me  
10 to appear.

11 I represent a number of companies on a commercial  
12 issue, which appears to have slipped into the Performance  
13 Review. We have submitted written testimony on this. I  
14 think it's a narrow issue, it's an intellectual property  
15 issue, largely a commercial law issue.

16 Having submitted our written testimony, I appeared  
17 principally just to make sure it had reached the Commission.  
18 We're confident that it has and that, if you've read our  
19 testimony, you'll understand what we have to say about it.  
20 And unless you have questions, I'm prepared to sit down.

21 COMMISSION CO-CHAIRPERSON HAUCK: Why don't  
22 you -- as long as you have a minute, why don't you say what  
23 this section is?

24 MR. LANDFAIR: Well, it's with respect to RES 16,  
25 Mr. Chairman, which is a proposal to repeal --

1 COMMISSION CO-CHAIRPERSON HAUCK: You just cited a  
2 Food and Ag. code section here.

3 MR. LANDFAIR: Section 12811.5 of the Food and  
4 Agricultural Code, which provides a mechanism by which  
5 companies, which submit the data that support the regulatory  
6 determinations or evaluations by the Department of Pesticide  
7 Regulation may choose to share their data. And if they  
8 choose to share their data, and submit a proper letter of  
9 authorization to the Department, then this allows the  
10 Department to use one company's data on behalf of the other,  
11 in evaluating each other's products.

12 Conversely, if they don't, then each company has  
13 to submit its own data.

14 The Department has proposed to repeal this section  
15 of the Code. As I've stated, we think that's primarily a  
16 commercial issue that affects relationships between the  
17 companies. It doesn't affect any aspect of environmental  
18 regulation on the merits, nor does it really achieve any  
19 economies for the Department to review it.

20 We're confident you'll understand that when you've  
21 seen our substantial testimony.

22 Okay, thanks very much.

23 COMMISSION CO-CHAIRPERSON HAUCK: All right, thank  
24 you.

25 Miles Standish.

1           MR. STANDISH: Good afternoon, ladies and  
2 gentlemen. My name is Miles Standish, and yes, I am Miles  
3 Standish. I'm over 400 years old.

4           (Laughter.)

5           MR. STANDISH: I stand before you representing not  
6 only myself, but the California State Park Rangers  
7 Association, and I wish to comment on two issues in the CPR  
8 I consider major errors in relating to the California State  
9 Park System.

10           The first error is the proposed change in shifting  
11 the responsibility of the State Parks System from the  
12 Department of Parks and Recreation to two new Departments of  
13 Natural Resources and Public Safety and Homeland Security,  
14 the second being the consolidation of State Park peace  
15 officers from the State Park System, into the new Department  
16 of Public Safety and Homeland Security.

17           I have a rather long thing that I was going to  
18 read but, obviously, I don't have time, and I did submit  
19 something. But I'm hoping that the few passages that I've  
20 pulled out will make some sense to you.

21           The first issue has to do with the reorganization  
22 of the Section 5008 of the Public Resources Code, that  
23 states the Department, meaning the Department of Natural  
24 Resources, shall manage the State Park System, whereas the  
25 Department of Public Safety will protect the State Park



1   System.

2                   And this idea is patently unworkable, the  
3   protection and management go hand in hand, they are  
4   inexorably tied together.  Protection of the resources is  
5   the purpose of a protected area, be it a preserve, a park, a  
6   wilderness, a forest, a watershed, or any other resource  
7   area.

8                   Preservation includes much more than just  
9   protection from people by law enforcement.  Any biologist  
10  will tell you that the natural environment is a living,  
11  changing resource.  Protection includes the use of  
12  prescription fire, control of exotic plants and animals,  
13  controlling human use patterns, wildfire control, and I find  
14  it extremely unlikely the Department of Public Safety and  
15  Homeland Security will ever be in a position to protect the  
16  State's crown jewels, because they are mainly going to be  
17  concerned with law enforcement and wildfire control.

18                  My second issue has to do with the consolidation  
19  of State Park peace officers into the new Department of  
20  Public Safety and Homeland Security.  Although on the  
21  surface it appears that there may be some savings, actually,  
22  no savings can ultimately occur.

23                  The trouble comes about when you look at all the  
24  services that a State Park peace officer, mostly rangers and  
25  lifeguards, are now providing over and above law

1 enforcement, and then try and determine how those new park  
2 services, or those services will be able to be provided to  
3 the public with the same or fewer personnel.

4 Chances are that at least one new personnel  
5 classification will have to be created to fill in for all  
6 the other duties that the State Park peace officers now  
7 provide over and above law enforcement. That won't decrease  
8 the number of State workers, but most likely grow.

9 COMMISSION CO-CHAIRPERSON HAUCK: All right,  
10 Miles, you're 400 years old and you're finished.

11 (Laughter.)

12 MR. STANDISH: Yeah.

13 COMMISSION CO-CHAIRPERSON HAUCK: Anthea Hartig.

14 MS. HARTIG: I do think it's probably appropriate  
15 that a historian come next, so anything you want to know  
16 about Colonial U.S. history, we can help you with.

17 Co-Chairs and Members of the illustrious  
18 Commission, it's truly my pleasure to be here before you.  
19 My name is Anthea Hartig. I have the honor of serving as  
20 Chairperson of the State Historical Resources Commission.

21 I come to you on behalf of my fellow  
22 Commissioners, Lauren Bricker, Claire Bogaard, Philip Choy,  
23 Kathleen Green, Bill Hildebrandt, Mary Maniery, Carol Novey,  
24 Luis Hoyos, and Mary Maniery. Greetings from Wayne  
25 Donaldson, the State Historic Preservation Officer, and Knox

1 Mellon, who is the former State Historic Preservation  
2 Officer.

3 I guess I'd first like to commend you on your  
4 herculean task. And then, secondly, of course, we are real  
5 and we do meet. We were the Commission referred to earlier  
6 in the day that doesn't meet. And I did have a chance to  
7 talk to Chris Reynolds and he wanted to apologize. He  
8 confused us with the Heritage Preservation Commission, which  
9 exists to advise the State Archives, and I don't really  
10 think it has met in quite a while.

11 We've met since the 1930s, under various names,  
12 and since 1974 under our current name. We've never missed a  
13 meeting that I know of, and we meet quarterly.

14 We cost the taxpayers, ourselves included, \$17,000  
15 a year to operate. Because we participate in the National  
16 Preservation Program we get about a million, a million point  
17 two each year from the federal government.

18 As we mentioned, we're a nine-member board,  
19 required and authorized by both state -- State and federal  
20 laws, or state perhaps, I don't know, and we are appointed by  
21 the Governor. We are responsible for the identification,  
22 registration, and preservation of California's rich and  
23 diverse cultural and historic resources.

24 We're highly accountable, we're actually audited  
25 at times by the federal government, as well as, I think,

1     accountable and responsible to the citizens.

2             Under the CPR recommendations, under the  
3     streamlining, the State would eliminate the State Historic  
4     Resources Commission, causing not only the loss of important  
5     federal monies, but ending a long history of State  
6     preservation efforts, and causing numerous and critical  
7     popular State run programs to end or be significantly  
8     curtailed.

9             The abolishment would effectively close down the  
10    Office of Historic Preservation, which depends, about half  
11    of its funding is federal funding, and slow down everything  
12    from transportation, to housing projects, to name a few,  
13    because of the mandatory review of federal dollars on the  
14    State level.

15            Our State resources matter greatly, as the CPR  
16    report honorably mentions. But in an effort, I think, to  
17    streamline State government, to put the people first, and to  
18    save State dollars, while maximizing federal grants, I urge  
19    you to retain the Commission and to correct this oversight.

20            Some of you have been to some of our 1,041 State  
21    landmarks, 766 State points of historical interest, and  
22    perhaps you have been in or might have not even known you  
23    were in one of our 14,000 properties listed on the National  
24    Register of Historic Places.

25            These tangible reminders teach us both the beauty

1 and the ugliness, from standing in City Hall in San  
2 Francisco, to standing in Manzanar, the beauty of our past,  
3 as well as its perils.

4           Anyway, thank you very much.

5           COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you,  
6 Anthea.

7           The next is Elizabeth Goldstein. After Elizabeth  
8 we have Erin Gardner, Barbara Hill, Rachel Dinno, D-i-n-n-o,  
9 Gordon Hart, and Dr. Barbara Lundeen, is it?

10          COMMISSION CO-CHAIRPERSON KOZBERG: Yes.

11          COMMISSION CO-CHAIRPERSON HAUCK: Okay, you're on.

12          MS. GOLDSTEIN: Thank you very much. First, I'd  
13 like to thank the Commissioners for their incredible  
14 patience. Having sat on your side of the table once or  
15 twice in my career, I know how difficult the task of staying  
16 attentive to all these incredibly elaborate conversations  
17 is, and I very much respect your efforts, both at this  
18 hearing, as well as all the others that you've attended. So  
19 thank you very much, as a citizen of California.

20          My name is Elizabeth Goldstein, and I'm the  
21 President of the California State Parks Foundation, which  
22 was founded 35 years ago by William Penn Mott, to support  
23 the California State Park System.

24          I am here, this afternoon, representing our 50,000  
25 members across the State, because we feel very strongly that

1 there are many positive things about the report that's come  
2 before you, the California Performance Review, but there are  
3 a number of aspects of it that are a bit disturbing and we  
4 wanted to raise them with you.

5 We have sent you a letter that speaks to five of  
6 those areas. I am only going to speak to one of them this  
7 afternoon, given the shortness of time, but I think it's the  
8 thing that's the most important, in fact.

9 I want to remind you about this issue we've all  
10 been referring to, collectively, as rangers, that when we  
11 talk about rangers in the State Park system, we're not just  
12 talking about rangers. Peace officers are also lifeguards  
13 and park superintendents, and they provide many, many  
14 different services to the California State Park System.

15 The California State Park System represents the  
16 management of 1.5 million acres across the State of  
17 California. And I remind you of this because we have 86  
18 million visitors a year, and these 86 million visitors a  
19 year push \$2.6 billion dollars into our local economies, all  
20 over the State of California. So this is not just a matter  
21 of resources, this is a matter of our local economy, this is  
22 a matter of how accessible and desirable California is to  
23 tourism, and all sorts of other things. We're not just  
24 talking about resources, we're talking about many aspects of  
25 what California is prided for.

1           If we are not preventative, if rangers, and  
2 lifeguards, and park superintendents are not available in  
3 our parks, will not be able to prevent things, environmental  
4 damage, like someone pouring out battery fluid at Pt. Lobos,  
5 imagine that, would that create inefficiency?

6           If campers are not being asked to pay for their  
7 fees in our campsites, at places like Lake Perris, is that  
8 actually a cost savings to the State of California?

9           If one child drowns on a beach in Southern  
10 California, is that customer service?

11           If one hiker, who's hiking, and fails to sign in  
12 because there's no ranger in our second largest park in the  
13 system, at Henry Coe, and can't be found, is that customer  
14 service? I argue and postulate to you that it is not.

15           Our park rangers are lifeguards, our park  
16 superintendents are vital. Please protect them, they need  
17 to be in the Department of Parks and Recreation.

18           Thank you.

19           COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you,  
20 Elizabeth.

21           Erin Gardner. Not here anymore?

22           Okay, Barbara Hill.

23           MS. HILL: Thank you. Good afternoon,  
24 Commissioners. Down a bit, all right. Start the clock,  
25 now.

1           My name is Barbara Hill, I'm also from the  
2 California State Parks Foundation. We do have 50,000  
3 members statewide, they are passionate supporters of State  
4 parks. California boasts the most diverse and remarkable  
5 State park system in the country, 1.5 million acres.

6           As Elizabeth mentioned, it's a key economic driver  
7 here, in California. I also mention that visitors to parks  
8 spin off revenue in local communities, but they also spend  
9 upwards of \$85 million at the concessions and visitor  
10 centers, and so on, in the parks.

11           So it is a system and agency that has significant  
12 economic importance to the State.

13           And as we are reviewing CPR, and the  
14 recommendations that are in there, in particular it is the  
15 ranger and lifeguard issue being reported out into another  
16 agency that gives us the greatest concern.

17           These folks do have law enforcement as a component  
18 of their duties, but it is by no means the major part of  
19 their jobs. We estimate it's about 23 percent of their  
20 time. They manage the park system, they manage the staff,  
21 they conduct community outreach. They're the folks that  
22 interface with businesses in the community. So their jobs  
23 are much more comprehensive than law enforcement.

24           Taking those folks out, without the system being  
25 able to fill those 700 positions, would decimate our park



1 system. We would have to close parks.

2 Now, we've come close in the last couple of years,  
3 but the Governor's been really very creative in letting the  
4 parks generate, increase their fees, generate some revenue,  
5 keep it in the system and keep parks open.

6 They do add, beyond the spending, to the quality  
7 of life here, in California, they help to attract businesses  
8 to local communities, in addition to coming to the State.  
9 So they really have significant economic benefit.

10 So I do -- you can hear it in our voices, we're  
11 very passionate about the park system, this issue does  
12 concern us. We really won't stand to see our rangers go  
13 away. Thanks.

14 COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you.

15 Rachel Dinno.

16 MS. DINNO: Good afternoon. I'm Rachel Dinno,  
17 with the Trust for Public Land, a land conservation  
18 organization nationwide, working to conserve land for  
19 people.

20 It's important to note that the State resources  
21 are leveraged through direct partnership with nonprofits,  
22 and we hope that the Commission will continue to work to  
23 ensure that CPR does further the partnership with the  
24 nonprofits.

25 The report, with its often contradictory

1 recommendations, has not been analyzed and presented in a  
2 way that establishes a clear, concise, and holistic picture  
3 in the reorganization of government and, therefore, makes it  
4 nearly impossible for the public to provide succinct input.

5           Nonetheless, I'll try to address three specific  
6 points. First, the consolidation of agencies. The  
7 Governor's Executive Order states that "California's  
8 government structure has become too cumbersome and that  
9 consolidation can make government more efficient, effective,  
10 and transparent."

11           However, the recommendations in the report don't  
12 provide an analysis as to how the consolidation of State  
13 agencies will lead to these objectives.

14           In fact, consolidation of agencies, in chapter 8,  
15 and grant programs, Infrastructure 28, could result in more  
16 complex, cumbersome management structures that could reduce  
17 project delivery time and responsiveness to the end user,  
18 take the direct decision making power away from the agencies  
19 accountable for its mission, and remove public input,  
20 creating a bureaucracy that is less accountable to the  
21 public, which would defeat the very purpose of the  
22 California Performance Review.

23           Second, regarding resource land acquisition.  
24 Resources 13 correctly seeks to eliminate the multi-layer  
25 review and approval process by removing non-conservation

1 entities, such as the Public Works Board, from the  
2 conservation acquisition process. Coupled with  
3 Infrastructure 30, which recommends removing the Department  
4 of General Services authority over real estate services,  
5 would increase the quality of State services by empowering  
6 the Resources Agency with expertise, long-term vision, and  
7 accountability for resource protection.

8           Unfortunately, as Nita Vail highlighted, Resources  
9 13 also recommends value pricing, which places an emphasis  
10 on the State acquiring discounted properties. We support  
11 the concept of getting the most bang for your buck, but we  
12 are concerned that this recommendation does not consider  
13 conservation value into its cost calculation.

14           Resource land conservation often demands quality  
15 over quantity, while the recommendation appears to do the  
16 exact opposite.

17           For example, how will the State assess resource  
18 value? When buying land for resource protection, cost is  
19 only one factor to consider. Following the logic of the  
20 report's recommendation, the State would place a higher  
21 priority on buying remote, non-threatened, low habitat or  
22 recreational value lands, than it would a property that is  
23 close to urban communities, threatened by development, home  
24 to the last remaining flora or fauna species, and is a key  
25 connector piece to other public lands, merely because the

1 former is cheaper.

2 Thank you.

3 COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you,  
4 Rachel.

5 Gordon Hart.

6 MR. HART: Mr. Chairman, Members, my name is  
7 Gordon Hart and I'm an attorney with the law firm Paul,  
8 Hastings, Chinosky & Walker.

9 We represent numerous public and private entities  
10 who are regulated, in some way or the other, by all of the  
11 CalEPA entities.

12 What I want to talk to you about today are the  
13 recommendations related to site clean-up and waste  
14 management, that there's less conversation about today, than  
15 many of the others.

16 In general, we are strongly in favor of  
17 recommendations 2 and 3, that recommend consolidation of the  
18 site clean-up programs, and consolidation of the waste  
19 management programs. We think this recommendation will help  
20 with overlap, with inconsistency, and in getting expertise  
21 where it should be.

22 We think inevitably, in such a broad brush  
23 process, there are some nuances and subcomponents that are  
24 not in the right place. We will supplement our oral  
25 testimony with written testimony about those, and not bore

1 you with those nuances that only a lawyer could love.

2 We would like to comment, in particular, that  
3 there are some agencies that have come from non-CalEPA  
4 entities, that I think are very appropriately being put into  
5 the Department of Environmental Protection, particularly the  
6 radiological waste programs, we're very pleased with that  
7 recommendation.

8 But we think it's inappropriate for some of the  
9 functions that are currently within CalEPA to be taken out  
10 of CalEPA. Namely, and I don't think anybody has mentioned  
11 it all day, the recommendation that the Office of  
12 Environmental Health Hazard Assessment, OEHA, be removed  
13 from CalEPA and put back into health, where it was removed  
14 and put into CalEPA under the Wilson GRP. We think it's  
15 been very good in CalEPA and recommend that it stay.

16 We, likewise, think it is just inscrutable that  
17 the schools clean-up program has been recommended to be  
18 moved from every other site mitigation program and put into  
19 the Department of Infrastructure, I believe it's proposed  
20 for.

21 And finally, just like the park rangers, we think  
22 that the DTSC criminal investigators should stay where they  
23 are now, with DTSC, and not be moved to Homeland Security.

24 A comment on boards. We think it's a good thing  
25 to evaluate and reconsider which functions should be in

1 boards and which should be in departments, but the wholesale  
2 anti-board bias of the report we think is inappropriate. We  
3 think that boards serve a very valuable purpose for the  
4 general public, and for the regulated community it ensures  
5 diverse viewpoints and decision-making processes, and  
6 ensures multiple points of contact.

7           And finally, I'd like to echo the comments that,  
8 if there are to be cost efficiencies, and there should be  
9 from this, those cost efficiencies should be plowed back  
10 into enhancing the program.

11           The major problem that we see is not addressed by  
12 this report, and that is there simply are not enough  
13 resources to process our clients' permits, and to get the  
14 clean-ups approved that our clients are involved with. And  
15 if we're going to make efficiencies, let's put them back to  
16 make the programs better.

17           Thank you.

18           COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you,  
19 Gordon.

20           The next is Barbara Lundeen. And after  
21 Barbara -- is she here? Okay, I guess not.

22           Manuel Cunha, Rey, I think it's Leon, Janice  
23 Emerzian. What is it?

24           Well, I was close. That's better than not being  
25 close. And Marie Evans.

1           Okay, Manuel.

2           MR. CUNHA: Mr. Chairman, Committee Members, thank  
3 you very, very much for the hard work. And I think you said  
4 you had one more to go. After that you should have a glass  
5 of wine. Make sure it's California wine though, okay. Or  
6 many glasses.

7           COMMISSION CO-CHAIRPERSON HAUCK: Don't worry  
8 about that part.

9           MR. CUNHA: Again, Manuel Cunha, President of the  
10 Nisei Farmers League. I serve on the United States USDA Air  
11 Task Force that was appointed by Congress in '96, and  
12 approved by the President of the United States.

13           I also serve on the Federal Reserve Board for the  
14 Region, appointed by Chairman Greenspan.

15           Today, I'm here to talk about the Air Resources  
16 Board, the air quality issues confronting our State, and the  
17 Air Resources Board is a positive additive to the air  
18 districts of this State. You have 35 air districts, there  
19 needs to be some oversight over those air districts.

20           If not, suddenly, we could have the South Coast  
21 Air Basin regulating vehicle emissions. When you go into  
22 that Basin, you suddenly couldn't drive your car into there.  
23 So we have to be very conscientious about those type of  
24 issues.

25           My industry, agriculture, last year was hit very,

1 extremely hard on five major air bills, with very little  
2 science, and today we're trying to deal with those air  
3 bills, with the Air Resources Board, and making sense out of  
4 them and how we fit into those type of standards.

5 In that process, working with the Federal EPA is  
6 also an important part.

7 So the Air Resources Board members add a very  
8 important part to California businesses, the public, and  
9 that entity. It allows people to talk to those Board  
10 members and present their side. By having one person in  
11 charge, called the Air Czar, you have a staff that presents  
12 the facts, and then the public will be able to present their  
13 part, and that's it.

14 I think when you have 11 members that come from  
15 specific areas of the State, from Human Health Services to  
16 the automotive industry, to agriculture, those 11 members  
17 can hear, very clearly, of what those issues are and make a  
18 very solid judgment.

19 Also, I think that you have -- somebody mentioned  
20 OEHA. I believe it can be eliminated. We don't need that.  
21 We have a Department of Health already, we don't need extra  
22 jobs.

23 Real quick. Also, in the CPR report very little  
24 was discussed, but on all of the duplications between the  
25 Department of Labor and Division of Labor Standards



1 Enforcement, and OSHA, there are some real conflicts within  
2 our own State Agency, with its own regulations.

3 The last part of that is the Van Seatbelt Program  
4 is in conflict with its own rules. So some of those things,  
5 I think, are important. We will be commenting on that.

6 But I commend every one of you, and the Governor,  
7 for finally looking at this and making it go forward.

8 To be negative, nobody wants to do anything, I  
9 think, is wrong. I think there's remedies, I think there's  
10 solutions, and I look forward to doing that with you.

11 The next Commission you folks will be, is to  
12 streamline this Legislature to only go four months out of  
13 the year. That will save billions, and a lot of aspirin and  
14 Advil. Thank you very much.

15 COMMISSION CO-CHAIRPERSON HAUCK: All right. I'm  
16 sure Senator Ducheny will be supportive of that.

17 Rey Leon. Is that right, Rey?

18 MR. LEON: Rey Leon, that is correct.

19 COMMISSION CO-CHAIRPERSON HAUCK: All right.

20 MR. LEON: Good afternoon, Commissioners. Carol  
21 Whiteside, long time no see.

22 My name is Rey Leon, with the Latino Issues Forum,  
23 Fresno Regional Office for the San Joaquin Valley, which is  
24 an air basin, one of the worst air basins in the whole  
25 nation. And it's a huge problem, we have some of the

1 highest rates of asthma in this region, a lot of people call  
2 it a third world region. And so there's a lot of issues  
3 impacting this.

4 But in respect to the California Air Resources  
5 Board, there's a recommendation to eliminate this Board,  
6 which truly would be a mistake, because the California Air  
7 Resources Board has done a great job. There's been a lot of  
8 victories, from '76 on forward, in terms of getting rid of  
9 the lead from the gasoline, lead being truly an  
10 environmental justice issue in many communities of color  
11 throughout the State of California.

12 The California Air Resources Board serves as a  
13 mechanism for the people to participate effectively in the  
14 democratic process.

15 And if I can say, I think the CPR process has  
16 been, I think, a little bit shy of that piece, in itself.  
17 And it's unfortunate that we only have two minutes, and it's  
18 limited to very few people, and that it takes place during  
19 the time when working people -- well, the majority of  
20 people, working class people cannot attend, and on a campus  
21 in session, with parking limited.

22 But adding that piece, I just had to let you guys  
23 know it's important to realize that. Public participation  
24 is one of the main issues that we must support in this  
25 democracy, and to undermine that would be a huge mistake.

1 It would be a backtracking in democracy to get rid of the  
2 California Air Resources Board and substitute it with  
3 something other than what exists at this point in time.

4 But thank you very much for your time and your  
5 energy on this work and, hopefully, we can come about with  
6 some real solutions that will not eliminate, but more so  
7 improve the processes.

8 Because I think the State of California, we're one  
9 of the richest in the world, and we will continue to be so  
10 because we consist of a lot of hard working, very much  
11 valued people that have a strong culture.

12 And another point that I want to make is on the  
13 panel there were no environmental justice representatives,  
14 which is truly an issue, especially for the State of  
15 California, especially for the San Joaquin Valley, where  
16 people of color, communities of color are disproportionately  
17 impacted by environmental issues, by pollution, by a  
18 proximity of industry that neighbors a lot of our  
19 communities, and it has a disproportionate impact,  
20 especially as many of our residents, our citizens, do not  
21 have health insurance.

22 Thank you for your time, thank you for listening,  
23 and you have a great day.

24 COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you,  
25 Rey.

1 Dr. Janice -- Dr. Janice, tell me your last name,  
2 Dr. Janice.

3 DR. EMERZIAN: I should get an extra minute, just  
4 for that. It's Emerzian.

5 COMMISSION CO-CHAIRPERSON HAUCK: Emerzian.

6 DR. EMERZIAN: Yes, Armenian descent. Good  
7 afternoon, Commissioners.

8 COMMISSION CO-CHAIRPERSON HAUCK: I can't speak to  
9 you on the telephone, though; right?

10 DR. EMERZIAN: Well, actually, yeah.

11 COMMISSION CO-CHAIRPERSON HAUCK: Oh, all right.

12 DR. EMERZIAN: I have submitted a written  
13 testimony, but I do want to give a brief statement of what  
14 my position is. Again, good afternoon Commissioners and Co-  
15 Chairs. Thank you very much for allowing me to sit here and  
16 listen to you, your panel presentations, and some of the  
17 good testimony.

18 I am the District Director for State Center  
19 Community College District's Student Services Programs and  
20 Services, which is one of the largest community college  
21 districts in the State of California, serving over 3,000  
22 adults with disabilities.

23 We are located in Fresno, California, in the  
24 Central Valley, where you are. And in addition, I am  
25 presently and have been an appointed member of the

1 Governor's Committee for Employment of Persons with  
2 Disabilities, for approximately 20 years.

3 I have chaired many of the committees,  
4 subcommittees, including the co-founding of the very famous  
5 Governor's Youth Leadership Forum, and I'm currently the  
6 Vice-Chair for the Committee.

7 I come to you today as a California taxpayer, an  
8 educator, a California farmer, mother of a son with a  
9 disability, and the sister of a deceased brother, with a  
10 disability, and a very proud member of the Republican Party.

11 I'm aware of and support the purposes of the  
12 California Performance Review. However, I'm here today to  
13 strongly disagree with the recent CPR recommendations to  
14 eliminate the Committee, the Governor's Committee, I'm  
15 referring to, for Employment of Persons with Disabilities,  
16 and its functions, and replace it with State employees.

17 I believe that the Committee should continue to  
18 exist for the following reasons. The Committee and its  
19 members do not cost the taxpayers money, other than mileage,  
20 which is the travel cost for the quarterly meetings.

21 Many of the public members, including myself, have  
22 contributed financially and programmatically to the State  
23 programs and services.

24 The Committee comes from a diverse population.  
25 The Committee includes only active volunteers. The

1 Committee has a statewide network of Mayor's Committees who  
2 are, again, not paid.

3 The Committee, by enactment of historic State  
4 legislation, AB 925, is the only independent agent for the  
5 coordination of all State agencies regarding employment of  
6 persons with disabilities.

7 The Committee has increased the employment of  
8 persons with disabilities, and my lengthier report, to you,  
9 has the statistics contained.

10 As a California business owner, I am even more  
11 concerned that this Committee has made a difference in  
12 placing people with disabilities, some that I've been  
13 personally related to, into competitive employment.

14 I hope that you will realize that this Committee,  
15 again, is made up of 39 dedicated members committed to the  
16 Californians with Disabilities for Employment. Thank you  
17 very much for your time.

18 COMMISSION CO-CHAIRPERSON HAUCK: Thank you,  
19 Dr. Janice.

20 Marie Evans. And after Marie, Charles Waters,  
21 Terry Tracy, Tim Nishwander, Alfred Menshen, and George  
22 Nokes.

23 Okay, Marie.

24 MS. EVANS: Okay, thank you. Good afternoon,  
25 Commissioners and Co-Chairs.

1           My name's Marie Evans. I am a business owner of  
2 an exterminating company in Southern California, and I'm  
3 here representing our industry association, and our name is  
4 Pest Control Operators of California. I'm currently the  
5 President-Elect, and I trust you've received a letter from  
6 our association in your packet, today.

7           COMMISSION CO-CHAIRPERSON HAUCK: We have the  
8 letter.

9           MS. EVANS: Pardon?

10          COMMISSION CO-CHAIRPERSON HAUCK: We have the  
11 letter.

12          MS. EVANS: Thank you very much. We are the only  
13 statewide association that represents the structural pest  
14 control industry in California. We were incorporated in  
15 1942, and we represent 70 percent of the structural pest  
16 control companies in the State.

17          The recommendation by CPR is RES 05, that I would  
18 like to speak today, to you, regarding. It's concerning the  
19 Structural Pest Control Board.

20          I hope you can hear me, I feel like I'm yelling.

21          The single largest function of the Board and the  
22 staff is that segment of our industry which deals with the  
23 wood-destroying organism section. That is a department that  
24 we call Branch 3 within the Board. The Board has three  
25 branches, 1, 2, and 3, which designate different fumigation,

1 wood-destroying organisms, and general pest control.

2           The wood-destroying organism, though, the Branch 3  
3 part of our industry is tremendous, and it was not even  
4 mentioned in CPR's report to you. That is our concern.

5           The Structural Pest Control Board handles 1,200  
6 complaints a year, approximately, and that comprises 85  
7 percent of their work. The Board is completely financed by  
8 our industry, approximately \$3 million a year, and so  
9 eliminating it causes us great concern.

10           We would just ask, then, in conclusion, that you  
11 keep the Board in place, or a similar entity, and please  
12 place it under the Commerce and Consumer Protection  
13 Department.

14           Thank you very much for your consideration.

15           COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you.

16           Charles Waters. How you doing, Charles?

17           MR. WATERS: Fine, Mr. Chairman.

18           COMMISSION CO-CHAIRPERSON HAUCK: All right.

19           MR. WATERS: Charles Waters, Commandant of the  
20 Marine Corps League, Central Valley, Judge Advocate of the  
21 State of California.

22           COMMISSION CO-CHAIRPERSON HAUCK: Hurrah.

23           MR. WATERS: Hurrah. I'm going to cover some  
24 things with you just in a limited time, because of the time  
25 constraints, that you would want to hear, and some things



1 that maybe you don't want to hear.

2 When the VA gave you or had a committee to give  
3 you the recommendations of the VA, I'm sure they suggested  
4 to you that they eliminate the Veteran's Board.

5 As a member of the command organization, which  
6 represents all of the organized veteran's units in the State  
7 of California, we categorically and unanimously, other than  
8 a few dissenting people, that's six or seven --

9 COMMISSION CO-CHAIRPERSON HAUCK: Then that  
10 wouldn't be unanimous, would it, Charles. All right, it's  
11 almost unanimous.

12 MR. WATERS: We are asking for you to maintain and  
13 retain this Board. About the California Veteran's Board,  
14 the recommendation was to eliminate the Board. The  
15 functions of the Board of administering benefits to the  
16 State's military veterans do not require a separate board  
17 and should be performed within the new Department of  
18 Veteran's Affairs.

19 This is erroneous. What does this Board do? The  
20 recommendation misstates the functions of this Board.

21 And by the way, you're all going to get a copy.  
22 Because of the time, I'm extrapolating material from a  
23 report by the Board attorney.

24 The statement of the functions of the Board is not  
25 correct. The Board does not administer benefits to the

1 State's military veterans, that function is already the  
2 responsibility of the Department of Veteran's Affairs and  
3 the Secretary of Veteran's Affairs.

4 The California and Veteran's Code 74 and 78. You  
5 already have the California Military and Veteran's Code in  
6 effect.

7 Damn, time goes by.

8 The Board administers policies for all operations  
9 of the Department of Veteran's Affairs, California Military  
10 and Veteran's Code, and they hear and decide appeals by  
11 veterans, from decisions made by divisions of the  
12 department.

13 California Military and Veteran's Code, to  
14 participate in a process of establishing and approve  
15 interest rates on Cal VET loans, Cal. Mil. and Vet. Code.  
16 And to require reports and recommendations by the Secretary  
17 of Veteran's Affairs on any matter related to Veteran's  
18 welfare.

19 The Board tells the Secretary and sets the laws  
20 down, lays down the directions for the Secretary. The  
21 present Administration does not want the Board to continue  
22 doing that. I'm flat telling you, let's live in the real  
23 world, they do not want this.

24 Veterans do want this Board. We need this Board.  
25 It's the only way we, as veterans, can come before someone

1 and tell us of our organization's concerns. With a  
2 Secretary and his hand-picked people, that will never happen  
3 again.

4 We need this Board, thanks.

5 COMMISSION CO-CHAIRPERSON HAUCK: Charles, all  
6 right. You know, Charles, you need to get a little  
7 enthusiasm in your presentation.

8 (Applause.)

9 COMMISSION CO-CHAIRPERSON HAUCK: Terry Tracy.

10 MR. TRACY: Mr. Chairman, Members of the  
11 Commission, good afternoon. My name is Terry Tracy, I'm  
12 with the American Legion, I'm the State Service Officer in  
13 charge of running the Veteran's Affairs and Rehabilitation  
14 Program for the American Legion, State of California.

15 Charlie stole my thunder. But that's okay. I  
16 apologize there's a bit of redundancy.

17 The American Legion understands that we need a  
18 streamlined government. We also understand fraud, waste,  
19 and abuse. But we also understand the need for checks and  
20 balances and oversight through public forums.

21 The organization, as Charlie said, was misstated.  
22 My question to the Commission, it makes me wonder, did the  
23 team actually do the analyses of the mission of the Board?  
24 Did it analyze the chief purpose, the chief powers and  
25 duties, the cost associated, or were there any other

1 entities that should perform the associated function of this  
2 entity, and must the duty be performed by an autonomous  
3 body?

4           The reason for these questions is, of course, for  
5 that first sentence. Who did you interview? I understand  
6 that you interviewed three employees and possibly, I'm sure,  
7 the Secretary. They're all bureaucrats.

8           COMMISSION CO-CHAIRPERSON HAUCK: Terry, we didn't  
9 interview anybody. The CPR did the work.

10          MR. TRACY: All right, the CPR.

11          COMMISSION CO-CHAIRPERSON HAUCK: Okay, go ahead.

12          MR. TRACY: I apologize. But I know that there  
13 were three employees interviewed and they didn't have any  
14 understanding. And they're all bureaucrats, and they would  
15 be better served without oversight and policy direction. I  
16 would love it that way in the American Legion.

17                I mean, why is the Department of Veteran Affairs  
18 conducting town hall meetings? Are they looking for  
19 arguments, so that if they get any negative arguments, they  
20 can prepare neutralizing counter arguments to further their  
21 purpose? Is this a done deal?

22          COMMISSION CO-CHAIRPERSON HAUCK: No.

23          MR. TRACY: After the Commission recommended the  
24 elimination -- boy, I don't like that sign -- I found a  
25 chart, an organizational chart, where an advisory board was

1 depicted, attached to the Secretary's block, with a straight  
2 solid line.

3 When I went to school, solid lines were intended  
4 to mean linear functions of management. Was this misleading  
5 or a misrepresentation.

6 I'm wasting time fooling with my glasses, stop the  
7 clock.

8 (Laughter.)

9 MR. TRACY: The American Legion has a resolution  
10 in place, opposing this. And if this succeeds, we are ready  
11 to make this a political battle when it's attempted to  
12 legislate it.

13 Our concerns with the Cal Vet board performing its  
14 duties are not -- the routine duties is fine. But the  
15 appeals process goes back to 1975, '79, when there was bad  
16 feelings among veterans.

17 Thank you.

18 COMMISSION CO-CHAIRPERSON HAUCK: All right,  
19 Terry, I think we got your point.

20 MR. TRACY: Okay, sir.

21 COMMISSION CO-CHAIRPERSON HAUCK: Between you and  
22 Charles, we couldn't miss it.

23 MR. TRACY: Oh, I've got another backup coming.

24 (Laughter.)

25 COMMISSION CO-CHAIRPERSON HAUCK: Thanks a lot.

1           Tim Nishwander. Is Tim here?

2           MR. NISHWANDER: Good afternoon. I'm  
3 Tim Nishwander, Agricultural Commissioner and Sealer of  
4 Weights and Measures in the County of Kings.

5           I'm here to offer comments from the California  
6 Agricultural Commissioner and Sealer of Weights and Measures  
7 Association.

8           First, we support the Governor working with the  
9 Legislature to eliminate the Structural Pest Control Board  
10 and transfer licensing functions and oversight  
11 responsibilities for structural pest control business to the  
12 Department of Pesticide Regulation, within the California  
13 Environmental Protection Agency.

14           We support the Governor working with the  
15 Legislature to repeal section 12811.5 of the Food and Ag.  
16 Code, which prohibits the California Department of Pesticide  
17 Regulation from considering data in support of a  
18 registration, unless the registrant has received written  
19 permission from the original data submitter.

20           We also concur with the first paragraph in chapter  
21 12, and recommend that all secretaries consult with the  
22 Secretary of Agriculture on all policies, especially in the  
23 formulation of regulations that affect agriculture from farm  
24 to fork.

25           We opposed the recommendation to transfer the

1 California Department of Food and Agriculture's Division of  
2 Measurement Standards to the Department of Commerce and  
3 Consumer Protection.

4 In almost every state weights and measures is a  
5 function of the Department of Agriculture. This is because  
6 the majority of industries regulated by weights and measures  
7 have their roots in agriculture, from tare weights on bins  
8 used to transport ag. products, to the cattle scales used to  
9 weigh livestock. Weights and Measures follows through by  
10 inspecting the finished ag. related products in retail  
11 grocery stores, to ensure the accuracy of quantity and  
12 labeling, allowing consumers to establish a value  
13 comparison.

14 The current infrastructure within CDFA, the  
15 Department of Food and Agriculture, allows for the very  
16 efficient maintenance of world and national standards of  
17 weighing and measurement at the State and local levels.

18 Additionally, the Secretary of the Department of  
19 Food and Agriculture, by statute, is responsible for the  
20 licensure of county sealers and their inspection staff.

21 The long-standing relationship of the Division of  
22 Measurement Standards being housed in the Department of Food  
23 and Ag., these are long acronyms, has resulted in effective  
24 communication and efficient Weights and Measures Program  
25 administration, benefitting the public.

1           Of the 20 and a half million dollars spent,  
2   statewide, on essential weights and measures services, 75  
3   percent of that comes from local county resources.

4           Transferring the Division of Measurement Standards  
5   outside of this efficient and effective infrastructure will  
6   not provide any increased benefit to the citizens of this  
7   State and will result in increased taxpayer costs.

8           Such a change, as proposed, will also require  
9   legislative change to existing statutes, creating an  
10   unnecessary expenditure of public resources, for no net  
11   gain.

12           CPR recognizes CDFA as a model department agency,  
13   with DMS as a part. As a matter of fact, we do a better job  
14   than agencies that have contracted with us, in gaining  
15   compliance.

16           Thank you.

17           COMMISSION CO-CHAIRPERSON HAUCK: Okay, Tim, thank  
18   you.

19           Alfred Menshen. Alfred, you know, you can say "I  
20   concur."

21           MR. MENSHEN: That's why they put me up third.

22           Good afternoon, Mayor Whiteside, good to see you  
23   again.

24           My name's Alfred Menshen, and I'm a United States  
25   Navy Veteran, having served in the Korean War. I'm here,



1 this afternoon, representing the American Legion as their  
2 legislative representative.

3 The American Legion represents 180,000 of  
4 California's veterans, the Legion Auxiliary and the Sons of  
5 the American Legion. There are approximately 2.5 million  
6 veterans in California, or about 10 percent of the nation's  
7 total veteran population.

8 As California citizens, we are pleased by and we  
9 compliment Governor Schwarzenegger and his efforts to make  
10 our State government more efficient and cost effective.

11 We also compliment this Commission on the time and  
12 effort you're putting in to making this happen. This is  
13 truly citizen-driven government at work.

14 Our concern is with the proposal to eliminate the  
15 California Veteran's Board and to replace that Board of  
16 volunteer and concerned veterans with other groups, as of  
17 now undefined, who will oversee certain veterans affairs in  
18 the State of California.

19 To quote the CPR, "the ultimate goal of the  
20 California Performance Board is to restructure, reorganize,  
21 and reform State government to make it more representative  
22 and responsive to the needs of its citizens and business  
23 community."

24 We applaud that mission statement and assure you  
25 that you have our wholehearted concurrence and promise of

1 whatever assistance you might need from the veterans  
2 community.

3 There is an old adage that says "if it ain't  
4 broke, don't fix it." That's precisely our point. We  
5 believe the California Veteran's Board isn't broke and we  
6 don't believe that it needs fixing.

7 I am personally acquainted with most of the  
8 Veteran's Board members and know them to be persons who were  
9 shaped by their military experiences and who are totally  
10 dedicated to the well-being of the veterans of this State  
11 and nation.

12 They are not single dimensional people, they are  
13 involved in their community and State. Possibly, I'm  
14 prejudiced, but I question as to where you will find a more  
15 knowledgeable and dedicated group of men and women who would  
16 do the work the Board is presently doing?

17 And I question as to who would be the  
18 replacements? The work they do regarding veteran's homes,  
19 cemeteries, and hospitals is essential and must be done by  
20 someone with extensive knowledge of their subject. If the  
21 Board is dissolved, who would replace them?

22 Would it be political appointees who had  
23 contributed to somebody's reelection? Would it be some  
24 termed-out assemblyman or senator who wants to stay in  
25 government for a while longer?

1           Or would it be a committed, dedicated, and  
2 knowledgeable veteran's representative who knows their job.  
3 Look around you, you already have a group like that.

4           Governor Schwarzenegger has said "we cannot afford  
5 waste and fraud in any department or agency." I can't think  
6 of anything more wasteful than purposely losing the years of  
7 combined experience and dedication of the present California  
8 Veteran's Board.

9           I realize that in your hearings you'll hear many  
10 impassioned pleas to spare this or that board or agency,  
11 listen to those, please.

12           Some, not all. We'll direct you to the correct  
13 action to take. Thank you for your time and attention.

14           How was that for time?

15           COMMISSION CO-CHAIRPERSON HAUCK: All right, Al,  
16 very nice. If I didn't know better, I'd think that was  
17 organized.

18           COMMISSIONER FRATES: As the token labor guy on  
19 the panel, I think organization's a good thing.

20           COMMISSION CO-CHAIRPERSON HAUCK: George Nokes.  
21 And after George -- hang on a second here, George. Charlie  
22 Peters, Karen Schambach, Brett Matzke, Tom Mabie, and Jay  
23 Malinowski.

24           All right, George.

25           MR. NOKES: Thank you for the opportunity to be

1 here this afternoon. My name is George Nokes, and five  
2 years ago I retired from the California Department of Fish  
3 and Game, after 37 years of experience throughout the State.

4 During that period I served 21 years in a  
5 management position that reported to the State Director. I  
6 also served five years in the San Joaquin River Conservancy.

7 I have some concern about two of CPR's  
8 recommendations, in sections 2 and 12. Although there may  
9 be some efficiencies in consolidating various agency  
10 programs responsible for chemical spill prevention,  
11 emergency response and clean-up, the consolidation proposal  
12 doesn't adequately address the myriad of land spills, and  
13 the Department of Fish and Game involvement in natural  
14 resource damage assessment and mitigation.

15 Off-highway spills, and highway spills that impact  
16 natural resources downslope, are managed by the Department  
17 of Fish and Game.

18 Moving DFG law enforcement into a new Public  
19 Safety and Homeland Security Agency, and moving OSPRS, the  
20 Oil Spill Prevention and Response Section, into CalEPA  
21 eliminates the efficiency afforded by Department of Fish and  
22 Game expertise and staff, who respond to spill incidents,  
23 conducts natural resource damage assessments, and formulates  
24 mitigation measures.

25 The Commission's proposal pertaining to

1 restructuring the land conservancies, in section 12, would  
2 have a significant negative impact on the San Joaquin River  
3 Conservancy's ability to carry out its role and objectives  
4 as set forth in the authorizing legislation.

5           The background information provided is incomplete  
6 and misleading. The San Joaquin River Conservancy, with six  
7 State voting members, and nine local members, is functioning  
8 well and conducting its responsibilities.

9           There is value in having the six designated State  
10 representatives provide oversight and guidance.

11           The Conservancy is not taking actions contrary to  
12 local government's wishes.

13           With the intense interest in the San Joaquin  
14 River, recent court decisions regarding water rights and  
15 water quantity, and the appeal that is sure to come, I  
16 believe that there is even more justification to maintain  
17 the Conservancy as is. It's a capable, functioning agency,  
18 protecting wildlife habitat, providing environmental  
19 education opportunities, and providing public recreation.

20           I do support the Commission's recommendations in  
21 sections 11, 26, 31, 34, and 35. CPR addresses the need for  
22 an automated license system for the Department of Fish and  
23 Game, improving database management and E-government  
24 systems. It is long overdue.

25           The current system is cumbersome and does not

1 allow Fish and Game to track licenses, nor collect much  
2 needed wildlife management and demographic information.

3 Oh, five minutes is fast.

4 Thank you very much, and I'll send you the  
5 remainder of my presentation in writing.

6 COMMISSION CO-CHAIRPERSON HAUCK: Okay, please do.  
7 Thank you.

8 Charlie Peters.

9 MR. PETERS: Mr. Chairman and Commission, my name  
10 is Charlie Peters. I'm probably confused, I'm probably in  
11 the wrong place, because I'm not here asking for money. I'm  
12 not here asking that anything actually be changed from what  
13 you're proposing.

14 I was hearing that one of the considerations that  
15 was being made has been rescinded and maybe my comments will  
16 help you understand that.

17 I'm here, today, representing motorists. I don't  
18 hear too many people representing that group. I have a  
19 little proposal that I perceive might economically impact  
20 the State of California, \$30 billion within a year, in a  
21 positive way, as well as remove 50 percent of the negative  
22 environmental impact of the car, particularly the ones that  
23 participate in smog check, within one year.

24 What I am proposing is, in one sentence, is that  
25 the smog check inspection and repair is audited by the State

1 to see that what is broken is, in fact, getting repaired.  
2 That system is quite dysfunctional and the opportunities to  
3 improve it are immense. It is the best program in the world  
4 and California's done a better job than anybody, but the  
5 opportunities to improve it are immense.

6 That small business, who is coming under threat,  
7 and is being criminalized, and thrown out of business,  
8 instead of supported, and improve the behavior, and an audit  
9 can accomplish that.

10 I also believe that the issue of gasoline  
11 oxygenates, which virtually every important person in the  
12 State of California has agreed, that we need a waiver, we  
13 need relief from the oxygenate requirement, which is  
14 resulting in \$600 million a year in corporate welfare for  
15 the refiners, for putting ethanol in the gasoline, which is  
16 coming straight out of our Highway or Transportation funds.

17 In addition to that, we have an issue of credits,  
18 CAFE credits, which are giving significant increases in the  
19 amount of fuel that new cars use, by making cars operate  
20 where they can work on both gasoline and ethanol, and those  
21 credits are increasing the amount of gasoline, creating a  
22 shortfall in the available gasoline. Which relief from  
23 that, which would require petition of the fed to get, could  
24 significantly lower the amount of gasoline and improve the  
25 amount of gasoline that we're using.

1           So the combination of those three units, the smog  
2 check reductions, which we believe would generate credit for  
3 2,000 tons a day in emissions reductions, which are  
4 currently selling in the competitive marketplace for  
5 approximately \$20,000 a ton, is approximately \$20 billion in  
6 positive economic impact to California, where businesses are  
7 not having to purchase those credits to do business.

8           Thank you.

9           COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you,  
10 Charlie.

11          Karen Schambach.

12          MS. SCHAMBACH: Good afternoon, Commissioners. My  
13 name is Karen Schambach, I'm the California Director for the  
14 nonprofit organization, Public Employees for Environmental  
15 Responsibility.

16          PEER is a service organization for State and  
17 federal employees who are struggling with natural resource  
18 related issues. The essence of what PEER does is assist  
19 public employees in removing obstructions to environmental  
20 protection, especially when those obstructions are lodged by  
21 the employee's own agency.

22          I wanted to thank you all, too, and I think I  
23 could probably speak for most people here, for your great  
24 courtesy and attentiveness through this long day, and  
25 probably many days of these hearings. We appreciate that.



1           But many State workers believe that those  
2     undertaking this task of reorganizing California government  
3     don't want to hear from those employees who are very much  
4     affected by the proposed reorganization. Despite the  
5     proposal's direction to largely consolidate government in  
6     the Capitol, not a single one of these meetings will be held  
7     in Sacramento, which would allow State employees to attend  
8     and comment.

9           The proposal, despite its size, has a disturbing  
10    lack of specifics. There are a lot of ideas, but we all  
11    know the devil is in the details, and those details are  
12    alarmingly absent.

13          While there's no denying that there is some  
14    departmental redundancy, and some boards and commissions may  
15    have outlived their usefulness, some of the proposals for  
16    cutting boards and commissions display an amazing lack of  
17    awareness as to the functions and responsibilities of those  
18    boards. These include, but certainly aren't limited, to the  
19    Water Board, the Board of Forestry, the Off-Highway Vehicle  
20    Commission.

21          In each of these cases, the brief notes dismissing  
22    those as unnecessary fails to fully grasp the extent of the  
23    responsibilities of these boards or commissions.

24          Likewise, some of the transfers of employees from  
25    one department to another indicates that the Commission

1 fails to fully understand exactly all that those jobs  
2 include.

3           And I won't repeat, you've heard several people  
4 mention the example of moving park rangers and the problems  
5 there. Something that hasn't been mentioned is that most  
6 park superintendents are peace officers, and so that would  
7 automatically remove all the park superintendents.

8           Likewise, Department of Fish and Game wardens have  
9 many duties, other than as peace officers.

10           One of the main points that I wanted to talk about  
11 was the proposal to get rid of the Water Boards. The  
12 advantages of the present State and Regional Water Board  
13 system includes transparency, openness, fairness, lack of  
14 corruption, recognition of regional differences, and local  
15 involvement.

16           The Boards shouldn't be eliminated for the  
17 following reasons: they operate under the State's open  
18 meeting laws, and their adjudicatory functions are subject  
19 to the State's Administrative Procedure Act, including  
20 prohibitions against ex parte contacts. Public access, and  
21 transparency, and action are vital to keep the people's  
22 trust.

23           California waters belong to the people of this  
24 State. The open meeting laws, under which the Water Boards  
25 operate, ensure the Boards are accountable to the people.

1 I have expanded on these in my written comments  
2 and I'll leave you with that. Thank you.

3 COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you.

4 Brett Matske. Is Brett not here?

5 Tom Mabie, M-a-b-i-e.

6 MR. MABIE: Good afternoon. My name is Tom Mabie,  
7 I'm here, representing the Glass Packaging Institute. The  
8 Glass Packaging Institute is a national industry  
9 association, whose members are the manufacturers of glass  
10 food and beverage containers. Virtually, a hundred percent  
11 of the market is certainly in the State of California, one  
12 hundred percent of the market. That includes ten separate  
13 plants in the State of California, including a couple right  
14 here in the Valley, just up the road in Madera, By Cinco  
15 Bend and, of course, Gallo's glass plant.

16 We are here to applaud much of the effort of this  
17 Commission, and we will be submitting comments that outline  
18 both our positive comments, our neutral comments, and some  
19 of our concerns.

20 I'm going to highlight just a couple of concerns  
21 that deal with an area of California law that glass  
22 container manufacturers have had to worry about for the past  
23 15 years, and that specifically is the recycling statute in  
24 California, and how it is affected by the recommendations of  
25 the folks putting together the report.

1           Volume 4, chapter 5, resolution 4, and volume 4,  
2 chapter 5, resolution 32. Resolution 4 is the one that  
3 integrates all of the environmental programs together and  
4 would take the Department of Conservation, which currently  
5 governs the recycling program in California, and put it into  
6 the new Environmental Agency.

7           Our concern about this is that there will be a  
8 loss of focus, potentially a loss of expertise. We don't  
9 think these are insurmountable problems, but because there  
10 is a lot of ambiguity in the report, the concern is in the  
11 implementation of how this is going to happen, so that we  
12 don't lose the focus and we don't lose the expertise from an  
13 agency that has governed this program for a long time, and  
14 understands what everyone would concede is not a clear  
15 program, a complicated program.

16           We are also concerned about enforcement. If you  
17 take enforcement out of the agency that understands the  
18 problems with this, and put it someplace else, it is not  
19 just a matter of saying we're going to have a new department  
20 in the enforcement agency that's going to deal with  
21 recycling issues.

22           We have occasionally, in this program, had fraud  
23 problems. And I don't think it's necessarily going to  
24 receive the highest priority or going to be the honor  
25 assignment outside of the Department of Conservation to be

1 enforcing whether or not someone's defrauding the Beverage  
2 Container Recycling Fund.

3 Which brings me to resolution 32, which is a  
4 general proposal that takes specific, focused fees, and the  
5 funds funded by those fees, and says we're going to use  
6 those for more general purposes.

7 The particular fund I'm concerned about is the  
8 Beverage Container Recycling Fund. That Fund is absolutely  
9 essential to the workings of the Act. Without it, we would  
10 not have the ability to have the offsets for businesses, and  
11 this would be a less business friendly community. We would  
12 also not have the proper supports for the recycling  
13 infrastructure that we have in the State today.

14 We will be supplementing this with additional,  
15 written comments.

16 COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you.

17 Jay Malinowski. And after Jay, Sean Edgar, Hugh  
18 Robertson, George Sinopoli, David Pepper, and Karin Anderson  
19 Lloyd.

20 Okay, Jay.

21 MR. MALINOWSKI: My thanks to the Commission for  
22 this opportunity to provide further input into the CPR  
23 process, both today and in the future.

24 I am the unpaid General Manager of the Colorado  
25 River Association, which supports the activities of the

1 Colorado River Board of California.

2           The Association agrees that it makes sense to  
3 periodically look at streamlining State government, making  
4 it more efficient, cutting State costs, and better serving  
5 the residents of California.

6           However, the recommendation contained in the draft  
7 CPR report, regarding the Colorado River Board, fails to  
8 satisfy these objectives.

9           The recommendation to abolish the Colorado River  
10 Board, although appearing to streamline State government, in  
11 fact has the opposite effect, while diffusing and weakening  
12 California's efforts regarding Colorado River matters.

13           In response to a question that was answered this  
14 morning, by one of the CPR staff members here, the Board, in  
15 fact, played a key role in the San Diego County water  
16 transfer, as well as in the successful federal negotiations  
17 over the quantification settlement agreement.

18           A staff, with the background and expertise in  
19 Colorado River matters is required for this role because of  
20 the diverse, ongoing activities that call for participation  
21 by California entities holding contracts with the federal  
22 government for Colorado River water and power, as well as  
23 with the State of California.

24           Without the Board, these entities that hold the  
25 water and power contracts would be left to individually deal

1 with the federal government, leading to inconsistencies and  
2 representation by California, and its entitlement holders.

3           It's important to note that the State of  
4 California does not hold contracts for the use of Colorado  
5 River water or power. The Colorado River Board currently  
6 provides the needed coordination among the contractual  
7 parties and the State.

8           Currently, all of the funding for the operation of  
9 the Colorado River Board comes directly from the six water  
10 and power agencies represented by the Board.

11           If the Board's tasks are undertaken by others in  
12 the State, a greater financial burden would be placed on the  
13 State, than currently exists, because the funding mechanism  
14 for the Board would disappear with the Board, itself.

15           The result of eliminating the Board is contrary to  
16 the purposes of the CPR.

17           Another section of the CPR proposes that the  
18 functions of the California State Water Project, currently  
19 operated by the Department of Water Resources, be turned  
20 over to a Joint Powers Authority of the contractors for  
21 State water. This would allow the contractors to operate  
22 and maintain the system, and improve and remove that onus  
23 from State government.

24           The Colorado River Board supports that initiative.  
25 But it is illogical to put the State Water Project under the

1 control of its contractors, and simultaneously remove the  
2 Colorado River Board from the control of its contractors.

3 In sum, I would like to note just a few of the  
4 more important functions of the Colorado River Board.  
5 Protection of California's rights and interests in Colorado  
6 River water and power, operation and management of the  
7 Colorado River system reservoirs, creation of California's  
8 Colorado River water use plan, Colorado River basin salinity  
9 control program, Lower Colorado River multi-species  
10 conservation program, the Lower Colorado water supply  
11 project, the Mexican water treaty, and 242 operations, and  
12 the Mexican and Colorado River delta restoration project.

13 Thank you very much for your time.

14 COMMISSION CO-CHAIRPERSON KOZBERG: The next  
15 speaker is Sean Robledo Edgar. And can we have the  
16 following people ready, and if you would come close to the  
17 microphone, Hugh Robertson, George Sinopoli, Dr. David  
18 Pepper, and Karin Anderson Lloyd.

19 MR. EDGAR: Madam Co-Chair and Commissioners, good  
20 afternoon. I'm Sean Edgar, Executive Director of the Clean  
21 Fleets Coalition. I just wanted to briefly supplement our  
22 written comments, which we've entered into your binders,  
23 today.

24 We're an association of integrated solid waste and  
25 recycling companies, with members here, in all eight



1 counties of the Central Valley Air District, as well as from  
2 the South Coast, up to the Bay Area, and over to the Lake  
3 Tahoe area.

4           Very briefly, I just wanted to touch on three  
5 items pertaining to CPR. Number one, consolidation of  
6 agencies, we have had the distinction or privilege,  
7 depending on how you want to look at it, of working with the  
8 Air Resources Board over the last several years, on  
9 implementing diesel risk reduction strategies for refuse  
10 trucks.

11           On the one hand, it's in its infancy, the  
12 regulation just became effective two months ago, in July,  
13 and we've put our best foot forward with an attempt to roll  
14 out garbage trucks throughout the State of California. The  
15 challenge being private industry, we operate as a utility,  
16 and it's very challenging. We don't yet have an approval to  
17 spend one penny more or charge our customer one penny more,  
18 but we have a tight regulatory deadline that we're trying to  
19 meet.

20           So on the one hand it would be convenient for me  
21 to say, Air Resources Board go away. But the reality is  
22 that whatever the body is that considers air regulatory  
23 development, there needs to be a level of expertise, and  
24 understanding, and particularly from the medical community,  
25 particularly from local government, who are the folks that

1 we work with, and help us determine what the fair and  
2 reasonable costs that we provide service to our customers  
3 are. And so I would ask for your consideration, and there  
4 is additional meat to my comments, in our written testimony.

5 The second item, resolution, on RES 32, the  
6 commingling of environmental funds, for the same reasons  
7 Mr. Mabie, from the Glass Packaging Institute recognized,  
8 targeted environmental funds, used for certain programs,  
9 have really been the backbone of implementing recycling over  
10 the years, and to see those fees potentially into unrelated  
11 items would be very difficult for those programs to continue  
12 as they are today.

13 And finally, I'd like to recognize Infrastructure  
14 24, which ties in with air quality, in terms of the  
15 development of a cogent fuel strategy here, in California.

16 We operate under boutique fuels. There have been  
17 some air districts, in the State, that have proposed  
18 developing their own special formulations of fuels.

19 We highly agree that there is a need for a cogent  
20 fuel strategy. Furthermore, the second part of that  
21 recommendation is to enable emerging fuels, such as ethanol  
22 bio-fuels, other things that have great potential to clean  
23 the air, enabling funding for those.

24 So we appreciate your consideration of our  
25 comments. Thank you very much, look forward to the next

1 round on working through this with you.

2 COMMISSION CO-CHAIRPERSON HAUCK: Okay, Sean,  
3 thank you.

4 Hugh Robertson.

5 MR. ROBERTSON: Good afternoon. My name's Hugh  
6 Robertson, I'm a consulting geologist from Southern  
7 California, and I'm here today, representing the three  
8 sections of the Association of Engineering Geologists in  
9 California, San Francisco, Sacramento, and Southern  
10 California.

11 Our group has reviewed the CPR, with specific  
12 attention to Resolution 08, concerning merging the State  
13 Board of Geologists and Geophysicists with the State Mining  
14 and Geology Board.

15 Our Association salutes your efforts to streamline  
16 government and we recognize the need to make things more  
17 efficient and effective, the way the State runs its  
18 business.

19 But based on the limited information, our  
20 Association can't support the proposed merger at this time.  
21 We need more information to be able to support the proposal.

22 There are some things that are important to us.  
23 First, preserving the positive elements of our Board. We  
24 think it's done a good job. It's making sure that the  
25 quality of geologic work that's made available for the

1 public is topnotch.

2 We want to preserve the integrity of our Board,  
3 and the geologists and geophysicists licensing program. The  
4 public, county, and city agencies rely on the competency of  
5 geologists that are licensed by the Board. This competency  
6 is the result of examinations and enforcement activities.

7 These activities ensure that the geologic practice  
8 within the profession meets high standards.

9 Another important point is that our Board is self-  
10 supporting and not a burden to the taxpayers.

11 There's certain problems with the proposed merger,  
12 that we think need to be addressed, before we can support  
13 it. The licensure mission does not dovetail with the mining  
14 regulations of the Mining Board.

15 Enforcement activities of the two Boards are  
16 different with respect to public safety. In one regard you  
17 have mining activities, and in the other we have geologic  
18 practice for homeowners and citizens that are addressed.

19 Again, we support the efforts of the Commission,  
20 your hard work, and the intent of the CPR, but additional  
21 information is needed before our Association can support the  
22 merger.

23 We look forward to working with you to achieve our  
24 common goal. Thank you very much.

25 COMMISSION CO-CHAIRPERSON HAUCK: Okay, Hugh,

1     thank you.

2             George Sinopoli.

3             Okay, Dr. David Pepper. Is Dr. Pepper here?

4             I haven't been waiting all day to say that.

5             (Laughter.)

6             COMMISSION CO-CHAIRPERSON HAUCK: Karin Anderson

7     Lloyd. And after Karin, Michael Livak, Michelle Gianetta,

8     Julia Levin, Addy Jacobson, and Rico Mastrodonato. That's

9     not quite right, but Rico, you know who you are.

10            Okay, Karin.

11            MS. ANDERSON LLOYD: Thank you. My name is Karin

12     Anderson Lloyd, and I am speaking on behalf of the Central

13     Valley Mayor's Committee for the Partnership and Advocacy of

14     People with Disabilities.

15            I am here today, to ask the California Performance

16     Review Commission to please reconsider their recommendation

17     of eliminating the Governor's Committee for the Employment

18     of People with Disabilities.

19            On a local level, the Central Valley Mayor's

20     Committee has made tremendous strides in improving the lives

21     of persons with disabilities. The Governor's Committee has

22     played a role in that success.

23            The Governor's Committee serves as a hub for 33

24     Mayor's Committees throughout the State of California. This

25     is an incredible statewide network of disability advocates.

1 The members of these Committees partner with each other by  
2 sharing information, ideas, and resources. The Committees  
3 are made up of volunteers who are dedicated to improving the  
4 lives of people with disabilities.

5 The Governor's Committee is a cost-effective  
6 department, which provides needed services to not only  
7 consumers with disabilities, but to the community agencies  
8 that serve them.

9 As a group, people with disabilities are  
10 frequently an unheard voice. People with disabilities are  
11 often shunned, stigmatized, belittled, and misunderstood.  
12 It is imperative for education and advocacy to continue on  
13 behalf of people with disabilities. The Governor's  
14 Committee is an effective means for such education and  
15 advocacy in California.

16 The Governor's Committee provides valuable  
17 information regarding disability issues and resources,  
18 financial support for the costs of American Sign Language  
19 interpreters, assistance to provide information and  
20 alternate formats, information pertaining to the Americans  
21 With Disabilities Act, as well as connection to other  
22 Mayor's Committees throughout California.

23 In addition to its support of Mayor's Committees  
24 throughout California, the Governor's Committee hosts the  
25 Youth Leadership Forum in Sacramento. The Youth Leadership

1 Forum provides an opportunity for young adults, with  
2 disabilities, to meet in a nonjudgmental environment and  
3 discuss relevant issues that impact persons with  
4 disabilities. As well as encouraging self-awareness and  
5 sensitivity to others, the YLF grooms our leaders of  
6 tomorrow.

7           The Governor's Committee is also vital to media  
8 access. It is imperative the television and film industries  
9 accurately portray and, hopefully, employ actors with  
10 disabilities. So much of public perception is based on what  
11 is depicted in the media. Media access advises television  
12 and film producers on disabilities and how actors can  
13 correctly depict persons with disabilities and the  
14 environment around them.

15           In closing, we implore the CPR to reconsider its  
16 decision to disband the Governor's Committee. If the  
17 functions of promoting employment of people with  
18 disabilities is absorbed by the Department of Labor and  
19 Economic Development, it is highly probable the superior  
20 services offered by the Governor's Committee will cease to  
21 exist.

22           The Governor's Committee was established in 1947  
23 and has effectively and inexpensively served the citizens of  
24 California.

25           Please do not allow this valuable Committee, and

1 its services to persons with disabilities, to get lost in a  
2 large bureaucracy. Thank you very much.

3 COMMISSION CO-CHAIRPERSON HAUCK: Okay, Karin,  
4 thank you.

5 Michael Livak.

6 MR. LIVAK: Hello, my name is Michael Livak. I'd  
7 like to provide some information regarding lack of  
8 accountability and failure to follow due process,  
9 demonstrated by the Lahontan Regional Water Quality Control  
10 Board, in order to support the CPR recommendation to  
11 eliminate the regional boards and transfer their  
12 responsibilities to the California Department of  
13 Environmental Protection.

14 I notice that the first point in chapter 6 of the  
15 document states, "the current framework for environmental  
16 regulation lacks accountability." That's true, and I've  
17 experienced it.

18 The continued existence of these regional boards,  
19 composed of part-time appointees, who answer to no one, and  
20 who sometimes conduct business without regard to due  
21 process, cannot serve the people of California.

22 For example, I recently attended a public hearing  
23 regarding referral of my company to the California Attorney  
24 General. Regional board staff prepared a demonstrably false  
25 staff report, and worked on it for over a year, without my



1 knowledge. I was provided, and my company was provided with  
2 that report less than ten days before the hearing.

3 For that reason, regional board staff's counsel at  
4 that hearing advised the board that they should not accept  
5 our testimony because the regional board guideline is that  
6 it must be submitted ten days before the hearing.

7 Then, regional board staff made an hour long  
8 presentation fraught with inaccuracy. Before I could  
9 respond, one of the Lahontan board members stated, "I mean,  
10 all this to me just says lock the place up and shut it  
11 down." That was before I testified or provided any  
12 information.

13 Therefore, thereafter I introduced myself to the  
14 board and I was informed that I would have no opportunity to  
15 speak or to present my company's side, whatsoever. Board  
16 members apparently wanted to catch an early flight.

17 The board chair told me, at that point, "the  
18 problem is we're about to lose a quorum and, you know,  
19 several board members feel like they have enough information  
20 to make their decision."

21 Only intervention by our State Legislator's field  
22 representative allowed me to speak at all during this public  
23 hearing. She appealed to the board, saying, "all we ask you  
24 is for a fair hearing, after all, you cannot act without  
25 accountability."

1           Subsequently, I was permitted to speak for about  
2   ten minutes, in response to this hour long inaccurate  
3   presentation, at which point the board chair cut me off and  
4   said, "I'm not trying to rush you, I'm just telling you, you  
5   know, I'm getting the sense that this is not affecting what  
6   we think."

7           I offer this information to clarify accountability  
8   problems with the Lahontan Regional Water Board which were,  
9   in this instance, manifested by a total disregard for a due  
10  process in a public hearing.

11          Incidentally, the California Attorney General did  
12  file a case against the company, at Lahontan's insistence,  
13  but recently dropped any allegation that the company has  
14  done anything to harm water quality.

15          Had the board listened, we could have saved a lot  
16  of the State's resources, and my company's resources in  
17  reaching that conclusion at the hearing.

18          At the most recent Lahontan Board meeting I  
19  attended, different Board members inquired, on three  
20  occasions, in the first hour, "how long do we have to stay  
21  at this hearing" or "when can we leave."

22          The California regional boards, which are  
23  accountable to no one, should be disbanded and their  
24  functions undertaken by true professionals, employed by  
25  California Environmental Protection.

1 Thank you.

2 COMMISSION CO-CHAIRPERSON HAUCK: Michael, what's  
3 your company?

4 MR. LIVAK: My company is Squaw Valley Ski  
5 Corporation.

6 COMMISSION CO-CHAIRPERSON HAUCK: All right, thank  
7 you.

8 COMMISSIONER FRATES: And which board was that,  
9 please?

10 MR. LIVAK: That was the Lahontan Regional Board.  
11 And if you'd like to hear those actual comments, I did  
12 submit a tape into the record.

13 COMMISSIONER FRATES: Okay.

14 COMMISSION CO-CHAIRPERSON HAUCK: Michelle  
15 Gianetta. I would say, Michelle, we have heard a lot of  
16 testimony on this subject, at more than one of our hearings.

17 MS. GIANETTA: That's good, and I guess I'm the  
18 only one you're going to hear today so, hopefully, it won't  
19 be too redundant.

20 COMMISSION CO-CHAIRPERSON HAUCK: I think you've  
21 got a strong case with us so --

22 MS. GIANETTA: Good. I'm hoping so, and I'm  
23 hoping I can finalize and put that last dot on there or  
24 period on there.

25 Good afternoon. And I work for a local

1 Congressman, and as such, I can well relate to the task you  
2 guys have laid before us.

3 I was unable to attend the hearing in San Diego,  
4 due to the fact of my work with the Congressman. However,  
5 I'm not standing here before you as a representative of him,  
6 I'm standing before you, here, as a survivor. Six and a  
7 half years ago, at the age of 28, I had a heart attack and  
8 triple bypass surgery.

9 I'm lucky to be here today. It is through the  
10 luck of the doctor, that he was well aware as to what was  
11 going on when I got to the emergency room, that I'm standing  
12 before you, now.

13 I'd like to provide my comments as they pertain to  
14 the recommendation in the California Performance Review to  
15 include the dissolution of the Heart Disease and Stroke  
16 Prevention Task Force.

17 Heart disease and stroke are the number one and  
18 number three causes of death in California, and cost the  
19 State \$14.2 billion annually. Nearly one million Americans  
20 die each year from heart disease.

21 I fail to see why the Heart Disease and Stroke  
22 Prevention Task Force is being considered for elimination.  
23 The Task Force is mandated by AB 1220, it's supported  
24 entirely by private funding. The American Heart  
25 Association, Kaiser, and Astro Seneca have provided \$163,000

1 in funding for the Task Force to date. There is no cost to  
2 the taxpayers of California.

3 I repeat, no cost to the taxpayers of California.

4 The Heart Disease and Stroke Prevention Task Force  
5 would be instrumental in drafting a master plan to prevent  
6 and treat heart disease and stroke. This master plan is to  
7 be completed by November 2005. Once the master plan is  
8 complete, California will then qualify for funding through  
9 the Centers for Disease Control and Prevention, for the  
10 amount of \$1 million, per year, for the State.

11 Hence, the Task Force would be a revenue generator  
12 for the State. The revenue generated from the Task Force  
13 will go directly to supporting the community-based  
14 prevention and treatment programs to fight obesity, tobacco  
15 prevention and cessation, and strengthening CPR programs  
16 throughout our communities.

17 At the time that I had my heart attack, I had no  
18 risk factors. Most people are unaware of what their risk  
19 factors are, so they are unaware if they are even at risk.  
20 The prevention programs and treatment programs will help to  
21 bring about public awareness of heart disease as the number  
22 one killer and what needs to be done to change that  
23 statistic.

24 We cannot ignore the number one killer in our  
25 State.

1           The American Heart Association strongly opposes  
2 the CPR's recommendation and we request your support as we  
3 strive for this important Task Force.

4           Thank you.

5           COMMISSION CO-CHAIRPERSON HAUCK: Okay, thank you.

6           Julia Levin.

7           MS. LEVIN: Good afternoon. My name is Julia  
8 Levin, I'm here on behalf of the National Audubon Society,  
9 one of the oldest and largest conservation organizations in  
10 the country. I'm also here on behalf of the Central Valley,  
11 and San Francisco Bay Area Habitat Joint Ventures, which are  
12 consortiums of conservation, hunting and fishing groups, as  
13 well as State and federal wildlife agencies, and private  
14 companies.

15           On behalf of Audubon and the Joint Ventures, I'd  
16 like to make a couple of brief observations about CPR,  
17 generally, and then a few specific comments on some of the  
18 recommendations in CPR.

19           The first observation is that while I think we all  
20 applaud the goals of greater efficiency, reducing fraud,  
21 reducing waste, a lot of the recommendations in CPR actually  
22 don't go to those goals so much, as simply reducing  
23 environmental and public health protections. These are  
24 critical protections for California.

25           And as a result, while there may be a short-term

1 or a taxpayer savings, there's a net cost, an enormous cost  
2 to Californians, as a whole.

3 Just to give you one example, Californians spend  
4 well over a billion dollars a year on health-related costs,  
5 the public health costs of air pollution. The savings from  
6 all of the environmental and resource recommendations,  
7 together, is a little over \$70 million a year.

8 The second observation is that many of the  
9 recommendations result in consolidation of government  
10 activities in Sacramento. That makes it harder for the  
11 public to participate, and it certainly makes it harder for  
12 local participation. It also means that there will be less  
13 local expertise represented on boards and in agencies.

14 Third, the consolidation of agencies is going to  
15 result in a net loss of environmental functions. This will  
16 happen in several areas. Whether it's putting firefighters  
17 or wardens into a Department of Public Safety, removing  
18 their environmental focus, or moving the CEC, the Energy  
19 Commission, over to the Department of Infrastructure.

20 The Energy Commission oversees a lot of programs,  
21 including research functions, with renewable energy, energy  
22 efficiency. Again, it saves Californians a lot of money.  
23 We saw how valuable efficiency was on the energy crisis.

24 Then a couple of specific comments. The Audubon  
25 and the Joint Ventures support increasing the collection of

1 environmental fees. We think this is a far more fair and  
2 fiscally sound way to support environmental and public  
3 health protections. That's recommendations 32 and 34.

4 We also support the consolidation of acquisition,  
5 of lands. We think this is a very good idea, it's very  
6 inefficient right now.

7 We do not support the preference for easements.  
8 There are plenty of times when easements make sense, both  
9 fiscally and for landowners, but there are plenty of times  
10 when we should be looking at other conservation tools.

11 We strongly oppose the elimination of the State  
12 Water Board and the State Air Board. Those are essential  
13 agencies for protecting public health.

14 We also oppose moving the Department of Water  
15 Resources over to the Infrastructure Agency, and separating  
16 the Water Quality from Water Rights functions.

17 Finally, we oppose both of the CEQA  
18 recommendations, number 19 and number 31. Number 19 removes  
19 the public from the process of adopting regulations, a  
20 violation of the Administrative Procedure Act.

21 Number 31 violates the State Constitution because  
22 it removes any requirement for proportional mitigation.

23 Thank you for your time.

24 COMMISSION CO-CHAIRPERSON HAUCK: Thanks.

25 Addy Jacobson.



1 MS. JACOBSON: Good afternoon, Commissioners,  
2 thank you for taking time to hear me, you've been most  
3 patient this whole day.

4 I'm Addy Jacobson, I live in Murphys, California,  
5 and I'm representing Ebbett's Pass Forest Lodge, of which  
6 I'm the Vice-President, and I'm also the Sierra Nevada  
7 Forestry Advocate for the Sierra Club.

8 I had other comments to make, but I tell you, I  
9 have to make some general comments about the task that's  
10 been assigned to you. I'm just overwhelmed by the task you  
11 have and I'm afraid it's possibly an impossible one.

12 I heard, today, that its mandate was to make this  
13 State's government more responsive and accountable to the  
14 people, while also making government more efficient and  
15 effective.

16 I have a daughter, who's a professor of public  
17 administration, and she's taught me about the, perhaps,  
18 irreconcilable conflict between effective and efficient.  
19 And you know, efficient is when we spend less time, money,  
20 and energy to get something done, but effective is when we  
21 really reach our long-term goals.

22 And it seems to me, as I listen today, I hear that  
23 a lot of the effective is the streamlining, it's getting rid  
24 of regulations, it's collapsing our agencies. But what I  
25 heard as your effectiveness, your long-term goals seem to be

1 that the first principle you had was the goal to put people  
2 first.

3 Chris Reynolds said, "the environment's a top  
4 priority."

5 The efficiency part of the whole thing really  
6 makes it hard to be effective because sometimes there's a  
7 false economy in the efficiency part.

8 And so I wish you well, and I hope you figure out  
9 how to make that part of it work.

10 One of the things that makes it a problem of  
11 effectiveness is I think something you've heard all day, is  
12 about the board issues.

13 And you know, I'm embarrassed that I'm even  
14 standing up here, maybe talking to you about retaining the  
15 Board of Forestry, because the Board of Forestry is an  
16 industry-dominated Board, that is a classic example of the  
17 fox guarding the hen house. The industry gets to make the  
18 rules for their own business, and then they get to oversee  
19 what they do.

20 And it's not the best place, but it's all we've  
21 got. And the idea of having a single point of contact, as  
22 we were told, which sounds more or less like the internet,  
23 where we have almost no say on policy development or  
24 implementation is, you know, less than we have.

25 Personally, my interchanges with my regional water

1 board, Central Valley Water Board, and the State Water  
2 Board, have been very good, I would hate to see them go  
3 away.

4 A couple of points I want to make real quickly.  
5 I've submitted comments. I hope you can read them. I hope  
6 you can look at the pictures I even put in to make your life  
7 more interesting.

8 I want you to know that the analysis you got on  
9 timber harvest review is unbalanced, it's incomplete, and  
10 it's inaccurate. It was completely given by the forestry  
11 people, of whom you heard again today, who were interviewed  
12 multiple times. We were not involved. And the agency  
13 people.

14 We'd like a chance to have that review done once  
15 more, we'd like to be part of the process. If I can be of  
16 any use in that, I'd like to volunteer my time. Thank you  
17 very much.

18 COMMISSION CO-CHAIRPERSON HAUCK: Thank you, Addy.

19 Rico, are you here?

20 Okay, Kelli Okuma. I think this is Kevin D.  
21 Hamilton, John Borders, Jack Climer will follow Kelli.

22 Kelli, take it away.

23 MS. OKUMA: Kelli Okuma, I'm the Registrar and  
24 Executive Officer of the Structural Pest Control Board, with  
25 the Department of Consumer Affairs, under the State and

1 Consumer Services Agency.

2 Our Board's mandate is consumer protection. We  
3 respond to consumer inquiries and consumer complaints for  
4 services with structural pest control companies. We receive  
5 about a hundred consumer inquiries a day, from consumers who  
6 are going to ask questions about a service that they may be  
7 planning on receiving, or ask for advice on how to resolve a  
8 problem.

9 Of those inquiries, the Board gets about 1,200  
10 consumer complaints a year. Of those 1,200 complaints that  
11 we mediate, about half of those, 600 of those actually go  
12 out to the field, where one of our staff inspects a  
13 consumer's home to determine if there's any violations on  
14 the part of the pest control company.

15 If violations are determined, the pest control  
16 company is compelled to bring that property into compliance.

17 The recommendations of the CPR report is to  
18 abolish or to eliminate the Structural Pest Control Board,  
19 and to combine its licensing function with the Department of  
20 Pesticide Regulation, as well as the oversight of pesticide  
21 management.

22 I think the report is somewhat misleading when it  
23 talks about combining pesticide management. The Structural  
24 Pest Control Board does not regulate pesticide use. That  
25 has always been the function of the Department of Pesticide

1 Regulation.

2           The average consumer, that complains to us, is not  
3 complaining about pesticide use. Pesticide is just simply  
4 one tool that the pest control company industry uses to  
5 eliminate pests.

6           So the average complaint is that, as a consumer I  
7 just purchased a home, I have a pest control problem, and I  
8 think the company missed it. And that's usually what  
9 happens, they've missed identifying an infestation,  
10 pesticides are never even an issue.

11           So what the Board respectfully requests is that  
12 the Commission reconsider the recommendation and place this  
13 function within the proposed Department of Commerce and  
14 Consumer Protection. We feel that there's a need for these  
15 consumers. Without this protection, consumers are left to  
16 the civil court process.

17           We negotiate about \$1.5 million annually, in  
18 restitution to consumers. And that doesn't even take into  
19 account once we've inspected a property and determined that  
20 a company's in violation, we've provided a report to the  
21 consumer, who then will take that information to the bonding  
22 and insurance company, and get restitution from that.

23           So again, we respectfully request that you  
24 reconsider the CPR recommendation. Thank you.

25           COMMISSION CO-CHAIRPERSON HAUCK: Thank you,

1 Kelli.

2 Kevin Hamilton. Okay.

3 John Borders. Oh, John, we've got this message.

4 MR. CLIMER: It's not that easy, sir, I'm not John  
5 Borders. John was called away, I'm the next guy on your  
6 list.

7 COMMISSION CO-CHAIRPERSON HAUCK: All right,  
8 you're Jack Climer.

9 MR. CLIMER: That would be me, thank you.

10 COMMISSION CO-CHAIRPERSON HAUCK: All right.  
11 Well, we still have the message, Jack.

12 MR. CLIMER: I wanted to make sure of that.

13 COMMISSION CO-CHAIRPERSON HAUCK: You can be sure.

14 MR. CLIMER: I'm the clean-up hitter, I'm the last  
15 guy.

16 I'm the State Judge Advocate for the American  
17 Legion, I'm the guy that has to watch all those other guys.  
18 A side note, I'm also a retired sheriff's sergeant, with two  
19 daughters that are police officers in Orange County. I'm  
20 very pleased to see the Sheriff on the panel.

21 Just to put an emphasis on it, you have an  
22 unenviable task. There's a lot of things that you have to  
23 deal with, there's a lot of waste and fraud, nobody wants to  
24 see that fattened calf sliced up more than we do.

25 The Veteran's Board works. Until the day that we

1 can elect the Secretary of the CDVA, and we have a choice in  
2 that matter, that is the only board that we have that  
3 listens to us, that I, as a veteran, can walk in off the  
4 street, voice a concern, be on the record, and be treated  
5 fairly.

6 I'm not throwing stones at the CDVA, but it is a  
7 partisan organization. The Secretary's appointed by the  
8 Governor and, you know, let's be realistic, he knows where  
9 his bread is buttered.

10 The Veteran's Board is volunteers, they're  
11 independent, they're very fair, they listen, and it works.  
12 And not to hit that too hard, it ain't broke, so please  
13 don't fix it, it works very well.

14 And that's all I have. Thank you, sir.

15 COMMISSION CO-CHAIRPERSON HAUCK: Well, terrific,  
16 Jack, you're probably the first person who's not used up his  
17 time.

18 Richard Powers.

19 MR. POWERS: Co-Chairs, Members of the Commission,  
20 my name is Richard Powers, I'm the Executive Director of the  
21 Gateway Cities' Council of Governments, including the City  
22 of Long Beach, and the 27 cities in the Southeast Los  
23 Angeles County. I am also here on behalf of the San Gabriel  
24 Valley Council of Governments, and the Orange County Council  
25 of Governments, total population about 7 million people.

1 I'm here regarding RES 12.

2 Those 68 cities and two counties looked at the way  
3 the State managed the State Park Bond Funds, went to the  
4 ballot for those, and then how they planned them and managed  
5 them, and decided the old system was broken. We are the new  
6 paradigm. And we are here, and if you can get 68 cities to  
7 agree on anything, you have to really pay attention that  
8 something must be at issue there.

9 We addressed those issues from the cost effective  
10 standpoint, putting the people first, all the things that  
11 CPR is dealing with. We don't use State General Funds. We  
12 never will use any State General Funds.

13 We do deal with State Park Bond Funds. We will  
14 guarantee you that those 68 cities in the County of Los  
15 Angeles and the County of Orange can manage those programs  
16 and the State Park Bonds more efficiently than the State  
17 has, or has in the past, remotely.

18 There's a couple of things I've been bowled over  
19 here, to say that there's no State plans. These  
20 conservancies are managing State plans, with local  
21 government resources as a part of those. I think we're  
22 mischaracterizing this particular one as a State board.

23 It's a State and local partnership, of which we're  
24 all proud of. The majority of the members of the board are  
25 locally elected officials. The State plans, which we



1 administer on behalf of the State, at cost savings to the  
2 State, include the State Legacy Plan, State Forest Plan,  
3 State Forest Protection Plan, Interdisciplinary Plans on  
4 Water, the State Water Resources Plan, the State Water Basin  
5 Plan, and I can go on and on, including Habitat.

6           The other part of this valuable partnership, which  
7 the State has not seen fit to talk to us about, in this  
8 process, is you have got a lot of local government resources  
9 that are at the table to implement the State's Park Bond  
10 issues.

11           To get into the bottom line of this, the east half  
12 of Los Angeles and the west half of Orange County, for  
13 decades paid the bill. Those big urban areas paid a lot of  
14 money for the State Park Bond issues and got a trickle of  
15 money back.

16           We are here, we're going to stay here in one form  
17 or another. The partnership has worked really well. You  
18 have got communities, and conservancy interests, and  
19 neighborhood interests that are engaged in these conservancy  
20 bond issue projects as never before.

21           And in the five years that this conservancy's been  
22 in existence, in Los Angeles and Orange County, we have got  
23 things happening. We have cities that have never had parks  
24 and habitat environments before, that now have them, so we  
25 really encourage that this stay. Thank you.

1 COMMISSION CO-CHAIRPERSON HAUCK: Thank you.

2 Jane Williams.

3 All right, Barbara Hunt.

4 MS. HUNT: Thank you very much. I'm very proud  
5 that you're here and you're very welcome. I spend a lot of  
6 hours here, my son's running constantly football here. He  
7 made this school a whole lot of money. He went on to the  
8 Chicago Bears from this area, then he got to Green Bay and  
9 he got that Green Bay Super Bowl ring. I'm proud of him,  
10 and I'm proud of you all here, and thank you all for helping  
11 my son. I recognize what I'm looking at and who I'm looking  
12 at.

13 But what I want you all to know, and I want you to  
14 focus on is not these boards. Because we need these boards,  
15 because they're our watch dogs. They're going to watch what  
16 goes on. Just like Schwarzenegger needed a board up here,  
17 that have you all doing his work for him. We need the  
18 boards.

19 But our problem is here, in the City of Fresno,  
20 you see we don't have any elected officials here, no one  
21 that's concerned about what's going on in Sacramento. But I  
22 am.

23 Before my three minutes are up, I want you to  
24 focus on Fresno as a chartered city, incorporated in 1885,  
25 chartered in 1901. Redevelopment is getting all the money,

1 all the tax increments. Redevelopment don't have the ball.  
2 The City of Fresno says -- we're a charter city -- says we  
3 cannot acquire no more debt than the money we got coming in.  
4 Forty years ago they put the redevelopment hat on, then they  
5 put Fresno Joint Powers Financing hat on. They kept on with  
6 these hats.

7 Now, they had a big fight in 1997, they broke  
8 loose. Redevelopment has too much power, they got too much  
9 money, and all that tax increment is going straight to God  
10 knows where.

11 But where the problem is, the County of Fresno, in  
12 1984 had this master settlement agreement, that the  
13 agreement says the City and County of Fresno redevelopment,  
14 and in Clovis, have to come together before they can expand  
15 out. They didn't honor that agreement.

16 All that money, tax increments, all the police  
17 powers, everything is deleted. I want you to get those  
18 papers, 1984 -- master settlement agreement.

19 Then they made another one in 2001. This time  
20 they -- the same agreement, but they didn't honor it,  
21 either.

22 Allen Archer's name is Carlos Brown. Why is he up  
23 here putting his name down on all these junk plans and big  
24 shot -- all these plans and everything, but he's not who he  
25 is. Maybe Schwarzenegger's name is not Schwarzenegger,

1 those are their movie actor's names.

2 So I want, when your kids and grandkids go down  
3 the line, you know who's paying these bills.

4 But I'm going to send you some papers. The city  
5 council is the redevelopment board, that's illegal.

6 This is how they're doing it. From the  
7 Legislature, in Sacramento, they got this company up there,  
8 something like this, and the legislator from the Assembly up  
9 there, he got this other perk from redevelopment, he's got  
10 one from Melrose League, he's got one from every department,  
11 the county. They know how to get this money, then they give  
12 25 percent of that money, and then they're making a killing.

13 You guys will never get no money in Sacramento,  
14 they're stopping your money down here. The State needs to  
15 come down here and see what's going on in your house,  
16 because if you don't, then they'll change the name of this  
17 city to California New Frontier, we're not going to have a  
18 city, we're not going to have a State because we're in a  
19 siege and they're going to take all of our stuff.

20 Thank you very much. And s-t-o-p, that means  
21 stop.

22 COMMISSION CO-CHAIRPERSON HAUCK: All right, thank  
23 you, Barbara.

24 Final speaker for today, Jane Williams.

25 MS. WILLIAMS: I've just been informed I'm not the

1 final speaker. This gentleman here would like to speak,  
2 too, he said he signed up. Is that okay?

3 COMMISSION CO-CHAIRPERSON HAUCK: No.

4 MS. WILLIAMS: Okay. I'm Jane Williams,  
5 California Communities Against Toxics, Executive Director.  
6 Mr. Chairman, Members of the Commission, thank you. I know  
7 it's been a very long day, we've learned a lot.

8 And my comments are going to be very general,  
9 although I do have specific concerns and specific  
10 recommendations, such as one stop for refineries, and one  
11 stop for schools.

12 But I thought I'd end the day with reminding  
13 people, the people in the room and the people here, on the  
14 Commission, that a lot of what we do in environmental  
15 protection is actually not environmental protection, it's  
16 public health protection.

17 And the communities that I represent, although  
18 they love the trees, and the birds, and the bunnies, they  
19 really love their kids.

20 And as you know, California has huge challenges.  
21 We are experiencing one of the largest immigrations and  
22 migrations of people because we have become the center of  
23 trade with the Pacific Rim, we have massive economic  
24 expansion happening. We are not really a State, we're  
25 really a country, with the fifth largest economy in the

1 world. We have a unique set of challenges.

2 And I guess I would ask you, as Commissioners, and  
3 people involved in the California Performance Review  
4 process, when you're looking at making a balancing decision  
5 between saving money, and getting efficiencies in State  
6 government, and protecting public health, that protecting  
7 public health, and especially the health of our children,  
8 and those who are most vulnerable among us, becomes the  
9 flagstone and the touchstone.

10 That when we ask should we do this, how will we  
11 protect public health, how will we protect kids, will we  
12 reduce asthma rates, will we increase the ability of our  
13 children to learn in school? Will we add not only to the  
14 economy in California, but also to the environmental health  
15 in California.

16 And I won't go into long statistics, but the State  
17 just did a very lengthy report, the Expert Working Group, SB  
18 702, where we found that many Californians are very, very  
19 affected by not only respiratory health, but also cancer,  
20 birth defects, and other diseases.

21 And this is a huge economic burden. And it's an  
22 economic burden on the State and on the people who are  
23 living in the State, that needs to have just as much  
24 authority as the burden on industry to comply with  
25 regulations.

1           So I would just leave you with that testimony and  
2   thank you so much for being here all day, I know it's a very  
3   long day, and best of luck in your work. Thank you.

4           COMMISSION CO-CHAIRPERSON HAUCK: All right, thank  
5   you, Jane.

6           And with that, we will conclude today. No further  
7   business to come before us. We will convene, again, on the  
8   27th, in Davis, California.

9           Thank you all for your attendance today and for  
10   your participation, we're adjourned.

11                   (Thereupon, the September 17th  
12                   meeting and public hearing of the  
13                   California Performance Review was  
14                   adjourned at 5:00 p.m.)

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## CERTIFICATE OF REPORTER

I, RONALD J. PETERS, a Certified Shorthand Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing State of California, California Performance Review Resource Conservation and Environmental Protection hearing was reported by my staff and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties in this matter, nor in any way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of September, 2004.

Ronald J. Peters

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